TRANSCRIPT OF PROCEEDINGS

of

MEETING FEBRUARY 18, 1955

Held by the U. S. Department of Agriculture to Give Interested Persons an Opportunity to Present Their Views on the Advisability of Permitting Assignment of Wool Payments Under the National Wool Act of 1954

together with

The Names of Those Who Submitted Recommendations and Suggestions in Writing for Consideration by the Department

Agriculture-Washington
February 25, 1955

C O N T E N T S

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Washington, January 25, 1955

USDA to Hold Meeting on Proposed Assignment of Wool Payments Under New Wool Program:

The U. S. Department of Agriculture today advised the wool industry that USDA representatives will be available to discuss the advisability of permitting assignments of wool payments by producers as collateral for loans or advances under the National Wool Act of 1954. The meeting will be at 10 a.m. Friday, February 18, 1955, in room 218A, U. S. Department of Agriculture, Washington, D. C.

USDA officials stated that this meeting will give interested persons an opportunity to present their views on this subject. Those who desire may submit their suggestions in writing prior to the date of the meeting. Written suggestions will be given full consideration and should be addressed to the Director, Livestock and Dairy Division, Commodity Stabilization Service, U. S. Department of Agriculture, Washington 25, D. C.

The discussion at this meeting as well as suggestions submitted in writing will be considered in making a final decision on this matter. Officials pointed out that the major determining factor will be whether or not assignments contribute to the overall objective of the new wool act to encourage growers to increase domestic wool production.

If the assignment of prospective wool payments as collateral for loans or advances is permitted, officials stated that certain safeguards would be required to protect growers' interests. Among those contemplated are:

1. Assignments will be made only to financing or marketing agencies for funds for use in the production of sheep, lambs, or wool, and the marketing of wool.
2. In the case of an assignment to a marketing agency, the advance payment to the producer on his wool must be larger than it otherwise would have been without the assignment.
3. Payments assigned may not be used to pay any indebtedness of the grower resulting from operations in a prior year.
4. The wool payment draft shall be drawn payable, at the direction of the grower, either jointly to the grower and assignee or the assignee for the account of the grower.
5. A full and specific accounting and remittance of any balance shall be made by the assignee to the grower within 60 days after receipt of the wool payment draft.

ASSIGNMENT OF PAYMENT UNDER NATIONAL WOOL ACT OF 1954

The undersigned producer, (name)_____(address)_____ this_____day of_____, for value received, hereby assigns to (name)_____(address)_____all right, title, and interest in and to payments due and to become due from the Commodity Credit Corporation and not previously paid for the ____marketing year pursuant to the National Wool Act of 1954. (check box below).

/_/ under Application(s) for Incentive Payment on shorn wool, or

/_/ under Application(s) for Payments on Lambs and Yearlings (Pulled Wool).

The producer stipulates that no previous assignment has been made and that no additional assignments will be made under the program(s) indicated above. The producer and the financing or marketing agency (assignee) agree that:

(a) This assignment is given only as security for cash advanced or to be advanced to finance the production of sheep, lambs or wool.

(b) If this is an assignment to a marketing agency, the advances to be made to the producer will be in a larger amount than would be made without this assignment; and no part of the payment received pursuant to this assignment will be applied toward repayment of any balances remaining from advances made on wool marketed in previous years.

(c) Payment pursuant to this assignment will be made by sight draft mailed to the assignee and payable either (check box below):

/_/ jointly to the producer and the assignee, or

/_/ to the assignee for the account of the producer.

(d) The assignee agrees to make full and specific accounting and remittance of any balance due the producer within 60 days after receipt of the assigned payment.

This assignment is made subject to the regulations of the Department of Agriculture applicable to payments made under the National Wool Act of 1954. A marketing agency is therein defined as a person who sells a producer's wool for his account.

(SEAL)
Witness or Attest:

_____
(Producer)
By_____
Title_____

_____ _____
(Date)
Title_____
(If Producer Incorporated)

_____
(Assignee)
By_____
Title_____

_____ _____
(Date)
Title_____
(If Assignee Incorporated)

DEPARTMENT OF AGRICULTURE

MEETING OF WOOL GROWER REPRESENTATIVES ON PROPOSED ASSIGNMENT OF WOOL PAYMENTS

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Friday, February 18, 1955

Department of Agriculture
Administration Building
Room 218
14th Street and Independence Ave.
Washington, D. C.

The meeting was convened at 10:10 o'clock a.m., J. A. McConnell, Assistant Secretary of Agriculture for Stabilization, presiding.

PRESENT:

True D. Morse, Under Secretary of Agriculture

J. A. McConnell, Assistant Secretary of Agriculture for Stabilization

Earl Hughes, Administrator of Commodity Stabilization Service

Wesley A. D'Ewart, Special Assistant to the Secretary

Preston Richards, Deputy Administrator of Commodity Stabilization Service

Don Anderson, Director of Livestock and Dairy Division, Commodity Stabilization Service

Frank W. ImMasche, Deputy Director, Livestock and Dairy Division, Commodity Stabilization Service

OTHER MEMBERS OF THE DEPARTMENT OF AGRICULTURE PRESENT:

A. B. Book, Fiscal Division, Commodity Stabilization Service

Russell L. Burrus, Livestock and Dairy Division, Commodity Stabilization Service

George E. Cooper, Office of the Solicitor

Harvey A. Dahl, Office of the Secretary

L. Thornton Davis, Livestock and Dairy Division, Commodity Stabilization Service

Glenn I. Hinsvark, Audit Division, Commodity Stabilization Service

Walter L. Hodde, Farmer Cooperative Service

Helim H. Hulbert, Farmer Cooperative Service

Charles F. Kiefer, Commodity Stabilization Service

M. R. Langton, Audit Division, Commodity Stabilization Service

A. C. Weinfeld, Solicitor's Office

MEMBERS OF INDUSTRY AND OTHER PERSONS PRESENT:

George C. Abernathy, Jr., 263 Summer Street, Boston 10, Mass.; Boston Wool Trade Association; National Wool Trade Association

A. E. Adams, 5926 Sunrise Drive, Mission, Kansas; National Lamb Feeders Association

George C. Anderson, 246 Summer Street, Boston, Mass.; Boston Wool Trade Association

James E. Bailey, 120 Mississippi Avenue, S.E., Washington, D. C.; Senator Eugene D. Millikin of Colorado

Gedney H. Baldwin, 136 Federal Street, Boston, Mass., Manager, Wool Department, Harris, Upham & Co.

Frank Barrett, United States Senator from Wyoming

T. Gordon Bautz, Lutherville, Maryland; National Sheep Association

E. F. Behrens, Washington, D. C., representing Senator Mundt

Thomas W. Bohr, 2185 E. Norris Street, Philadelphia 25, Pa.; Philadelphia Wool and Textile Association

J. O. Brott, 730-15th Street, N.W., Washington, D.C.; American Bankers Association

J. W. Brown, Fort Collins, Colo.; National Lamb Feeders Association

Leonard Burch, Denver National Bank, Denver, Colorado; A.B.A.

James H. Caldwell, 107 Chestnut Street, Philadelphia, Pa.; Philadelphia Wool and Textile Association

Don E. Crowley, N. W. National Bank, Minneapolis, Minn.; Live Stock Committee; American Bankers Association

Paul M. Carper, Timberville, Virginia; Wool Producers

T. R. Clark, Hopkins, Minn.; Minnesota Co-op Wool Growers

Davis P. Connery, 255 Senate Office Building; representing Senator Pat McNamara of Michigan

J. A. Crowder, Law Offices of C. M. Hester, Shoreham Building, Washington, D. C.; Washington Counsel, Boston, National and Philadelphia Wool Trade Associations

Price Daniel, Senate Office Building; United States Senator from Texas

Harry J. Devereaux, Rapid City, S. Dak.; Western South Dakota Sheep Growers Association

J. Frank Dings, 281 Summer Street, Boston, Mass.; National Wool Marketing Corporation

Frank Dryden, 217 Senate Office Building; representing Senator Earle C. Clements of Kentucky

Fred T. Earwood, Sonora, Texas; Texas Sheep and Goat Raisers

Paul R. Eaton, 133 Senate Office Building; representing Senator Carl Hayden of Arizona

S. H. Farrington, 1618 House Office Building, representing Congressman Otto Krueger of North Dakota

LeRoy Getting, Sanborn, Iowa; Iowa Farm Bureau; Iowa Sheep and Wool Growers Cooperative; National Wool Marketing Corporation

Jim Sam Gillespie, Pounding Mill, Virginia; United Wool Growers

Fred S. Gilley, 158 Summer Street, Boston, Mass.; Gilley and Company

Burl H. Gillum, French Creek, West Virginia; Field Representative of West Virginia Farm Bureau

E. O. Gregory, Morgantown, West Virginia; Growers in West Virginia Wool Marketing Association

Ray Gress, Dickinson, North Dakota; North Dakota Wool Growers

W. H. Hackett, Administrative Assistant to Hon. E. A. Cederberg, Member of Congress from Michigan

Roger L. Halsted, Department of Animal Husbandry, University of Maryland, College Park, Maryland; Extension Service

G. A. Hanson, 434 Ness Building, Salt Lake City, Utah; Wool Handlers Inc.

Leonard Hay, Rock Springs, Wyoming; Wyoming Wool Growers

H. Milton Heins, Washington, D. C.; USDA, AMS, MRD, MO&C

R. W. Hodge, 311 Del Rio National Bank Building; Texas Sheep and Goat Raisers Association and New Mexico Wool Growers

Ralph Horine, Indianapolis, Indiana; Grant Company, Indiana, Swayzee, Indiana

Lyman S. Hulbert, 744 Jackson Place, N.W., Washington 6, D.C., South Dakota and Minnesota Cooperative Wool Association

I. H. Jacob, 300 - 1st Security Building, Salt Lake City, Utah; Producers Livestock Loan Company, Salt Lake City, and Growers

E. Morton Jennings, Jr., 454 Grove Street, Needham, Mass.; Vice President, First National Bank of Boston

L. M. Jones, Cedar City, Utah; Utah Wool Marketing Association

Harold Josendal, Casper, Wyoming; Wyoming Wool Growers Association

David E. Judd, 281 Summer Street, Boston, Mass.; National Wool Marketing Corporation

L. A. Kauffman, 2318 Brandon Road, Columbus, Ohio; Ohio Sheep Improvement Association, Plumb Hall, Ohio State University and Ohio Wool Growers Co-op Association

K. A. Keithly, Harrisonburg, Virginia; United Wool Growers Association, Inc.

Mrs. K. A. Keithly, Harrisonburg, Virginia; United Wool Growers

Doyle Kline, 454 Senate Office Building; representing Senator Anderson of New Mexico

Frank Lebus, Cynthiana, Kentucky; 2000 Wool Growers of Kentucky.

Jas. H. Lemmon, Lemmon, South Dakota; National Wool Marketing Corporation

Earl Linger, Alamosa, Colorado; Ranch at Del Norte, Colorado

Louise Love, 344 Senate Office Building; representing Senator O'Mahoney of Wyoming

S. C. Lukens, 280 Summer Street, Boston, Mass; Boston Wool Trade Association

J. B. McCord, Coleman, Texas; Texas Sheep and Goat Raisers Association

R. N. McLachlan, Evart, Michigan; Michigan Wool Growers

R. B. McLeaish Farmers Home Administration

L. Ralph Mecham, 428 Senate Office Building; representing Senator Wallace Bennett of Utah

Penrose B. Metcalfe, Box 751, San Angelo, Texas; Texas Sheep and Goat Raisers Association; California Wool Growers Association

Amos R. Meyer, 247 Symons Hall, University of Maryland, College Park, Maryland; Department of Markets, University of Maryland

Leroy Moore, Alcova, Wyoming; Moore investors

Charles E. Munson, Suite 341, Senate Office Building; Administrative Assistant to Senator Frank A. Barrett of Wyoming

Jay N. Myers, 1516 Widener Place, Philadelphia, Pa.; Fred Whitaker Company

John Noh, Kimberly, Idaho; Idaho Wool Growers Association.

Arthur Perry, 231 Senate Office Building; representing Senator Lyndon B. Johnson of Texas

Walter Pfluger, Eden, Texas; Texas Sheep and Goat Raisers Association

John T. Poole, Roberts, Idaho; Idaho Wool Marketing Association; Pocatello, Idaho, Box 344

J. Price, Daniels Route, Malad City, Idaho, or Room 332, Senate Office Building; representing Senator H. C. Dworshak of Idaho

Eli Rapaich, 343 Irvington Street, Washington, D.C.; representing Gracie Pfost, Member of Congress from Idaho

Mary Susan Revercomb, Deerfield, Virginia; United Wool Growers

J. H. Richards, 157 Federal Street, Boston, Mass.; Chicago Midwest Wool Trade Association

John J. Riggle, 744 Jackson Place, Northwest, Washington, D. C.; National Council of Farmer Cooperatives

Carl J. Ritland, R. 5, Eau Claire, Wisconsin; Wisconsin Wool Growers Association

Lloyd M. Rockne, Senate Office Building; representing Senator Milton R. Young of North Dakota

Dale A. Rouse, 1208 S. Central Avenue, Paris, Illinois; Illinois Wool Marketing Association

L. A. Rozzoni, Clements, California; California Wool Marketing Association

Clifford R. Russell, 267 Summer Street, Boston, Mass.; National Wool Trade Association

E. T. Savidge, Secretary, Agricultural Commission, American Bankers Association, 12 E. 36th Street, New York, New York

Don Shearon, Sheridan, Wyoming; Representing Hon. E. Keith Thompson

J. A. Sinnott, Glendale, Arizona, R 1, Box 1148; representing Arizona

H. C. Smith, Washington, D. C.; Farm Credit Administration

Wm. M. Temple, R 1, Serena, Ill.; Wool Producers of Illinois

Bert Tollefson, Jr., House Office Building; representing E. Y. Berry, Member of Congress from South Dakota

Ross H. Tuckwiller, Lewisburg, West Virginia; West Virginia Wool Marketing Association

Roy A. Ward, 734 N. 14th Avenue, Portland, Oregon; Pacific Wool Growers; Portland Wool Trade Association

Richard W. Wells, #6 Chestnut Street, Philadelphia 6, Pa.; President Philadelphia Wool and Textile Association

J. B. Wilson, McKinley, Wyoming; Wyoming Wool Growers Association

G. Norman Winder, 467 Franklin Street, Denver, Colo.; Colorado Wool Growers Association

Claude E. Wood, 454 Senate Office Building; representing Senator Clinton P. Anderson of New Mexico

Frank K. Woolley, 13th Street and Pennsylvania Avenue, N. W., Washington, D.C.; American Farm Bureau Federation

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P R O C E E D I N G S

SECRETARY MC CONNELL: Ladies and gentlemen, this is a voluntary meeting and from the attendance here I would say there is a considerable interest in the subject. We are glad to welcome you all here to give us your advice and counsel on the question of whether the assignment of wool payments under the new wool program should be permitted and, if so, under what conditions.

At the outset let me assure you that the Secretary has not reached any conclusions as to this matter. So many of you have recently expressed conflicting views on this matter that the Department decided it best to review the question and give you an opportunity to explain your respective positions before making a final decision.

Some of you were here last September to consult with the Secretary on the level of the incentive price for wool under the new program.

You will recall at that time you indicate that you were all in full accord on your recommendation to the Secretary -- mainly, that the incentive price should be at the highest level possible under the law. I hope from our discussions today we can reach unanimous accord on this matter of assignments.

In fairness to all I think a few remarks on the history

of the assignment question are in order. In the Department's explanation of the wool bill at both the Senate and the House committee hearings just about a year ago, it was stated that the Secretary could authorize assignment of payments under appropriate conditions. Then last September, when growers and grower representatives were here to advise with the Secretary on the establishing of the incentive price, it was stated in the discussions that arrangements could be made for the assignment of payments under appropriate conditions. However, we did not get down to the details of specifying those conditions.

Last October we began to hear questions as to the advisability of permitting assignments. Since then differences of opinion have developed even within segments of the industry. Grower groups differ among themselves. Dealers differ. Most agree that assignments to banks, production credit associations, and other financing institutions, would be to the benefit of the industry and should be permitted. The issue really boils down to whether assignments to marketing agencies should be authorized.

In view of the differences in opinion that have developed, we in the Department want to be sure we do not overlook any point before making a final decision. In our discussion we should not lose sight of what has been

accomplished during the last year by the industry being united and pulling together with the Government as a very effective team. Through that cooperation we have a new program which will put the merchandising of our wool clip back on an open market basis and at the same time provide additional financial assistance necessary for the development of a sound and prosperous domestic wool industry, with a higher level of production.

This was accomplished by all groups working together for the new legislation. Your wool grower representatives had numerous meetings with Secretary Benson. The President gave the needs of the industry his personal attention. I think we should frankly recognize that if it had not been assumed that you wool growers were united behind the new program, we would not have the National Wool Act of 1954.

What we are here to talk about today really is the question of filing a notice of record with the County ASC office which will mortgage the prospective payment -- similar to filing a mortgage on the sheep with the county recorder -- so that the producer can get some benefit from the payment prior to the summer of 1956.

The Department recognizes that if assignments are permitted, certain conditions must be set up to protect the producer for whose benefit Congress authorized the new

program. A sample form has been distributed to you this morning for discussion purposes which sets forth certain conditions under which assignments to financing and marketing agencies might be permitted.

I wish to assure you that the guiding principle in arriving at the decision will be what is deemed to be to the best interest of both the program and the individual wool grower. This new program was intended as a growers' program and we want to keep it that way.

I am going to ask Earl Hughes, Administrator of the Commodity Stabilization Service, which has responsibility for administering this new incentive program for wool, to carry on as Chairman of this meeting.

Before doing that, I noticed there are a number of Members of Congress here and I would like to recognize them as far as I can see that they are here, and see if they have anything they would like to say. I noticed Senator Langer from North Dakota.

Senator, would you care to comment before we get into the meeting?

STATEMENT OF THE HONORABLE WILLIAM LANGER,

UNITED STATES SENATOR FROM NORTH DAKOTA

SENATOR LANGER: I just want to say I am representing the Northern Wool Growers on these incentive payments, as

I think I said yesterday before my distinguished colleague here from Wyoming. We get along pretty well.

SECRETARY MC CONNELL: Senator Daniel from Texas.

STATEMENT OF THE HONORABLE PRICE DANIEL,

UNITED STATES SENATOR FROM TEXAS

SENATOR DANIEL: Mr. Secretary, I am glad to be here in support of the testimony that will be presented by Mr. Penrose Metcalf and Mr. R. W. Hodge of San Angelo, Texas, and Congressman Fisher.

SECRETARY MC CONNELL: Thank you, Senator.

Senator Barrett, have you anything you would like to say?

STATEMENT OF THE HONORABLE FRANK BARRETT,

UNITED STATES SENATOR FROM WYOMING

SENATOR BARRETT: Mr. Secretary, I came down here to listen and not to talk. I might say I am wholeheartedly in accord with the statement you made there, and certainly I approve of the last remark that the National Wool Act was passed for the benefit of the growers of the country. There is no question about that.

I might say you are entirely correct also in telling the wool growers thatonly by their united effort and the splendid support we had from the Secretary of Agriculture were we able to get that legislation on the books. So I

think we owe a deep vote of gratitude to Secretary Benson for his great help. Otherwise we would not have any necessity for meeting here to discuss what to do or what not to do about incentive payments.

I am sure with the counsel you will get from these various members of the trade as well as the growers from the West, you will be able to come to a wise conclusion on this matter, Mr. Secretary.

SECRETARY MC CONNELL: Thank you, Senator Barrett. Congressman Fisher.

STATEMENT OF THE HONORABLE O. C. FISHER,
MEMBER OF CONGRESS FROM THE TWENTY-FIRST
CONGRESSIONAL DISTRICT OF TEXAS

MR. FISHER: Mr. Chairman, I have no statement at this time. I shall also associate myself with the views of Mr. Metcalfe and Mr. Hodge and others, who I believe represent a vast majority of the sheep of the country, and whose views I believe will be explained in some detail a little later.

SECRETARY MC CONNELL: Thank you, Congressman.

Let me say there are a great number of letters and recommendations in here from various Members of Congress. Are there any others?

I would like to say that we have a reporter here who

will take down what is said today.

My experience in making Senator Langer here what I said is an indication of why I am turning this meeting over to Mr. Hughes, the Administrator of the Commodity Stabilization Service, to preside at the hearing here today. I think he has a statement he will want to make.

STATEMENT OF EARL HUGHES, ADMINISTRATOR,

COMMODITY STABILIZATION SERVICE

MR. HUGHES: Good morning, Ladies and Gentlemen. I think Mr. McConnell very nicely welcomed you. I would like to say as Administrator of the Commodities Stabilization Service when the conflicting opinions come in I find myself afflicted with a circling disease, and we are doing our very best to resolve the problems you folks raise.

As the Assistant Secretary pointed out, this question apparently boils down to whether payments under the National Wool Act should be permitted to be assigned to marketing agencies, and the conditions to be placed on their assignment.

I am wondering what procedure would suit you best for handling this discussion. There are a large number here. If everyone wishes to be heard we should probably place a time limit for each speaker. The National Wool Growers Association asked that the matter of assignments be

considered by States, and we could allow so much time for each of those representing each State.

I am wondering, however, if you people have not gotten together already on that subject, and your method of presentation. Perhaps you have designated a spokesman who could lead off in presenting the views of those for and those against assignments to marketing agencies. If you have your presentation so organized, perhaps we could proceed without imposing a time limit and still keep the discussion within reasonable bounds.

Many of you have come a long way at great expense and we want to give everyone ample opportunity to express his views. I assume, however, that you would like to finish the meeting today.

We have about an hour and a half to an hour and three-quarters left before lunch. We could divide that time fifty-fifty between those for and those who are against the assignments, and see how we progress. Then this afternoon we could decide whether it is necessary to allot so much time for everyone to be heard, and then allow a period of time for discussion and questions.

Let us keep in mind always that out of your hearing the views of each of you we hope you can reach an accord on what the industry recommends the Department do on this

question of assignments. After all, that is the reason for having you in here. We want you to have every opportunity at this meeting to resolve your present differences of opinion.

If you like, we could take a recess for a few minutes to give all of you time to decide what seems to be the best way to proceed with the presentation of your views. Your respective groups could then let us know who wishes to be heard and the order to be called, and the recommended time to be allotted to each one.

Cards have been handed out which we would like each of you to indicate your name and address on and turn it in to us so that we may have a record of those attending the meeting. That is this card. Does everyone have one? If not, just hold up your hand and we will see that you get a card.

Since this is an open meeting, ladies and gentlemen, and in view of the interest that has been expressed in this matter of assignments, we have arranged to have a verbatim record taken of the meeting. The gentleman over here is taking it down and we hope it will be word for word. For any of those who want a transcript of the remarks at this meeting, it can be obtained.

MR. IMMASCHE: Through us.

MR. HUGHES: At an expense of how much?

MR. IMMASCHE: We do not know that yet, but I understand if they will let us know we can get a copy for them.

MR. HUGHES: What is your pleasure, ladies and gentlemen? I have given you some idea of how we can handle this. Do you want the suggestion I have given you, that we take the remaining time of an hour and a half and divide it between the proponents and opponents? If you have already caucused and you have your speakers chosen, that will certainly expedite the matter. I am open to suggestions because this is your meeting and we want to handle it so as to give everyone an opportunity to express his views. Obviously, there is not time for everyone.

SENATOR LANGER: North Dakota yields to South Dakota, to Jim Lemmon, representing our State.

MR. HUGHES: I am not familiar with whether you are an opponent or a proponent.

MR. LEMMON: I am a proponent.

MR. HUGHES: In making the assignment to marketing agencies.

STATEMENT OF JAMES H. LEMMON, REPRESENTING
THE NATIONAL WOOL MARKETING CORPORATION

MR. LEMMON: My thinking, Mr. Chairman, is this: At the moment I am just as well satisfied that you proceed to

let the opponents make their statement and then we have been together and possibly we could have our groups make short statements or testimony throughout the length of time you will give us. So I will yield to the opponents of the assignment, Mr. Hughes.

MR. HUGHES: I wonder if Senator Daniel knows who would like to speak?

SENATOR DANIEL: I yield to Mr. Hodge, the president of the Texas Sheep and Goat Raisers Association.

STATEMENT OF R. W. HODGE, REPRESENTING THE TEXAS SHEEP AND GOAT RAISERS ASSOCIATION

MR. HODGE: We understood yesterday this meeting would probably be conducted on the basis of perhaps an hour for the proponents and an hour for the opponents, and then perhaps thirty minutes each for rebuttal.

Mr. Metcalfe, who will be the spokesman for those of us who are members of the National Wool Growers Association, who are opposed to the assignment of incentive payments, has not yet arrived. He is still preparing our statement. That being the case, certainly we would like to see the meeting conducted as it was suggested yesterday.

MR. HUGHES: Do you know when Mr. Metcalfe will be here?

MR. HODGE: Shortly. Any minute.

SENATOR DANIEL: Mr. Hughes, I believe Mr. Metcalfe was

informed there was already a schedule set up so that the proponents would go first. Is that correct?

MR. HODGE: That's right.

SENATOR DANIEL: He might be mistaken in it, but that is the impression under which he was laboring.

MR. HUGHES: I am not familiar with any of the arrangements each of the groups might have decided on. The only reason that I suggested that the opponents go first is I guess I am correct in saying that we in the Department had been proceeding on the basis that we would make the assignments until we found there would be a great deal of objection. So I thought it was logical if the opponents could be heard first, and then hear the proponents and then a rebuttal, as you said.

Is there any objection by anyone to reversing the procedure as a matter of expediency?

STATEMENT OF L. A. ROZZONI, REPRESENTING
THE CALIFORNIA WOOL MARKETING ASSOCIATION

MR. ROZZONI: I am L. A. Rozzoni from California. I expected the gentleman here to present our side, and I am for the proponents' side. Therefore I told them that we would have the opponents first and that he could come later. Therefore I am not prepared now to take the position I was going to take.

MR. HUGHES: I believe we are in a position to adjourn the meeting, gentlemen. This is much easier than I had anticipated.

STATEMENT OF JOHN NOH, REPRESENTING

THE IDAHO WOOL GROWERS ASSOCIATION

MR. NOH: I am John Noh, President of the Idaho Wool Growers Association.

Inasmuch as some spokesmen for the proponents are not here and some for the opponents are not here, I wonder if Mr. Lemmon, who is going to be one of the proponents, is prepared to start off the meeting, so that we will not have to delay?

MR. HUGHES: Gentlemen, when I was caught in a pinch such as this I usually called on the orchestra to give a few selections. I do not have that to fall back on here.

MR. LEMMON: Is it your pleasure that our group proceed at this time?

MR. HUGHES: If that is your pleasure.

MR. LEMMON: All right. I will ask our group to proceed with the presentation of their thinking on this subject as we have agreed.

Mr. Horine, did you want to say something? I understood you wanted to talk.

STATEMENT OF RALPH HORINE, INDIANAPOLIS, INDIANA

MR. HORINE: Ralph Horine from Indiana. I am merely representing as a grower from Indiana. I would like to make this approach to the subject.

If I understand the Wool Act, it was to promote the increased production of wool, and as a wool producer I would like to say I should be entitled to use the incentive pay in my good judgment on my farm on how to produce more wool or produce better wool for our Government. I think the producers of Indiana would like to have the privilege of using it either to a loaning agency, a marketing agency, or whichever one in their estimation as a wool producer could do the better job on our farms.

That is my statement.

MR. HUGHES: Thank you very much.

STATEMENT OF J. A. SINNOTT, GLENDALE, ARIZONA

MR. SINNOTT: I am J. A. Sinnott from Glendale, Arizona. I represent myself as a producer. We are now shearing and personally on our own sheep have finished shearing the day before yesterday. There will be quite a lot of wool to move, as we have no warehouse facilities in our area, and we would like to get some money out of this wool. That is the principal point in producing it.

Naturally, if we are not able to get some benefit from this incentive part of the program we won't be able to have sufficient. A number of fellows will need some money so that they will be able to get a better loan through their marketing agencies, or banks, where they might be financing. We feel we had a meeting of our directors about a week ago and they were all unanimously in accord to use this assignment and the incentive payments, so that we could use it for collateral to purchase whatever we might need -- more sheep, or feed.

MR. HUGHES: You are speaking for assignments to marketing agencies?

MR. SINNOTT: That is correct.

MR. HUGHES: That is just for the purposes of the record.

MR. D'EWART: What group do you represent?

MR. SINNOTT: I am a director of the Arizona Wool Producers and a vice president. At our meeting -- we have a monthly meeting of the directors -- I wanted to get their opinion and expression, and they voted unanimously in favor of this program.

MR. D'EWART: This is the Arizona Wool Growers?

MR. SINNOTT: And myself as an individual.

MR. HUGHES: Who wants to be heard next, in the absence

of the designated spokesmen, or is there a spokesmen for either side here yet? Could you give us your name, please?

STATEMENT OF T. GORDON BAUTZ, REPRESENTING THE NATIONAL SHEEP ASSOCIATION

MR. BAUTZ: Gordon Bautz from Maryland, Treasurer of the National Sheep Association, and representing them. Also President of the Maryland Sheep Association, representing them.

MR. HUGHES: Speaking for or against?

MR. BAUTZ: For.

MR. HUGHES: Assignments to marketing agencies?

MR. BAUTZ: That's right.

Our thoughts are exactly the same as expressed by Mr. Horine of Indiana, who just preceded the other gentleman, and rather than take any more time I will just give the same as Mr. Horine. We are for the assignment.

MR. HUGHES: Who would like to be heard next?

STATEMENT OF RAY GRESS, REPRESENTING THE NORTH DAKOTA WOOL GROWERS

MR. GRESS: I am Ray Gress from North Dakota. I represent the wool growers of North Dakota, but I am a wool grower myself, and that is the only business I have. I made an entire livelihood out of sheep. I run only sheep and unless we can make use of this incentive payment to pay

our expenses, I don't see any good for the whole program, because it ain't going to serve the purpose. We don't need money in 1956. We need money now, and the assignment would let us have that money. 1956 may be too late for some of our people, and then again a lot of our people went into the sheep raising business on a small scale, knowing they are going to have a little better price for wool. If they can get an assignment they can buy fence posts, or what have you; a better ram, maybe. If they could get that assignment you will depress the wool market and those fellows will be destroyed and have to go out of the sheep business.

That is all I have got to say. I am for the assignment. We have six thousand members.

MR. HUGHES: Thank you, Mr. Gress.

STATEMENT OF L. A. ROZZONI, REPRESENTING THE CALIFORNIA WOOL MARKETING ASSOCIATION

MR. ROZZONI: I am L. A. Rozzoni from California.

MR. HUGHES: Representing whom?

MR. ROZZONI: I represent myself first as a sheep man; secondly, as a man in charge of a cooperative organization known as the Cal-Wool Marketing Association, and also chairman of the California Farm Bureau Federation, Livestock Department, and of the American Farm Bureau Federation,

Livestock Department.

MR. HUGHES: And you are speaking in favor of the assignment for marketing?

MR. ROZZONI: I am speaking in favor of the assignment, and for these reasons: First, under what has been proposed so far as I know today, it allows a man to do as he sees fit. So as a grower I am all for the assignment.

Second, I know something about the problem of the sheep men in my own area, representing 563 members. I have canvassed them personally and found that 100 percent of them said if you do not ask us to assign our incentive payment to the cooperative we are all in favor of it. And I said that's right. We will not demand it. We ask you if you want it.

Third, I said that as a marketer not only of wool, but of other things, I find that the more money we put in the hands of the grower at the time of marketing -- and that is the first money he gets out of sheep, is out of the wool -- he will be able to carry on his operation and help increase the production of wool as Congress intended to.

We can go on, but I would like to say I am for the assignment as proposed in this proposal.

MR. HUGHES: Thank you very much.

STATEMENT OF L. A. KAUFFMAN, REPRESENTING THE OHIO SHEEP IMPROVEMENT ASSOCIATION, PLUMB HALL, OHIO STATE UNIVERSITY AND OHIO WOOL GROWERS CO-OP ASSOCIATION

MR. KAUFFMAN: Mr. Chairman, my name is L. A. Kauffman. I am a wool grower fromOhio and I am also authorized to speak in favor of the assignment of the incentive payment for the members of the Ohio Sheep Improvement Association. To give you a little background, so that you will know what this Association is, it is a voluntary organization that represents some 30,000 wool growers in Ohio. These men are represented as individuals in the Ohio Sheep Improvement Association; but also they are represented by their marketing agencies, because as members of that Association we have not only the Ohio Wool Growers Association, but the Producers Livestock Cooperative Association, the Independent Livestock Marketers Association, the Stockyards -- the Union Stockyards of the States. But we also have as members of that Association the members of the various county lamb producers -- pools of producers of lambs, of which there are 26 on a county or area basis in Ohio.

We feel it is highly important that we as wool growers have the privilege if we like of assigning the incentive payments to the agency that is lending money to us. We

believe it will have a beneficial effect in that if it is used it will increase initial advances which will give the growers more money to operate with.

We believe also it will have a great beneficial effect on the price level of wools in the early part of the shearing season particularly. Because if growers are in a position where they can hold their wool for a higher price, at least for a limited time, it seems to me it should have the effect of stimulating and strengthening the market rather than depressing it, as would be the case if all of this wool were dumped at the time of shearing.

Therefore our organization wishes to go on record as being in favor of the assignment of incentive payments. Thank you.

MR. HUGHES: Thank you very much, Mr. Kauffman.

I should have announced that I am proceeding on the basis of allotting three-quarters of an hour to one side and three-quarters of an hour this morning to the other side. So far we have been hearing from the proponents of the assignment of the wool payments to marketing agencies.

Who wants to be heard next? Would you give us your name, please, and where you are from?

STATEMENT OF JOHN T. POOL, REPRESENTING

THE IDAHO WOOL MARKETING ASSOCIATION

MR. POOLE: My name is John T. Poole, from Jefferson County, Idaho. I am a producer of sheep, lambs and wool. I market my wools through a cooperative marketing agency. I have no reason to believe that they should be distrusted with the handling of my wool or the proceeds therefrom. At this time, Mr. Secretary, I would like to refer to a letter addressed to your Department under date of February 12, 1955, from Pocatello, Idaho, from the Eastern Idaho Production Credit Association, signed by C. Hart, Secretary-Treasurer, of which I have a copy.

Also a letter to your Department from the Jefferson County Sheep and Wool Growers Association of Rigby, Idaho, who have a membership of over 200.

I would like also to read into the record a letter that I have received since I arrived here in Washington from the Bonneville Wool Growers Association of Idaho Falls, Idaho. It says:

> "The directors feel that if the growers had the privilege of assigning their equity in incentive payments they would probably have a better chance of receiving a greater part of this money at an earlier date to conduct their business. The Board of Directors favor an open assignment."

That is signed by W. M. Nance, President; John Moyer,

Secretary. This organization has a membership of 112 members.

Also, Mr. Secretary, I refer you to a letter under date of February 12, 1955, from Pocatello, Idaho, signed by R. K. Hart, Secretary-Treasurer of the Idaho Wool Marketing Association, who have a membership of over 1,100.

These organizations I mention are asking in their letters and communications for the privilege of assigning and that the money that they may receive from the incentive payment might be of help to them in their earlier operations on their wool growing operations. I am sure they would not want to be deprived of their free agency in using the money that belongs to them, to be used to their best advantage.

I thank you.

MR. HUGHES: Thank you very much, Mr. Poole.

Who wants to be heard next?

STATEMENT OF WILLIAM M. TEMPLE, REPRESENTING THE WOOL PRODUCERS OF ILLINOIS

MR. TEMPLE: Mr. Chairman, I am Bill Temple from Illinois.

MR. HUGHES: Would you give us your address, please?

MR. TEMPLE: Serena, Illinois. A livestock producer feeding some lambs occasionally and having a breeding flock, and selling wool.

MR. HUGHES: Representing?

MR. TEMPLE: Representing myself as a producer. While I have taken part in the livestock circles I know of no one else from Illinois here to speak for the Illinois producers.

MR. HUGHES: You are not representing any organization?

MR. TEMPLE: Not particularly.

MR. HUGHES: Thank you.

MR. TEMPLE: The growers of Illinois do not produce any great amount of wool per capita. Our average clip is about 200 pounds. The amount of the incentive payment will probably not be great to each individual grower. However, we are interested in the price we receive, and after listening to Mr. Gress this morning on how vital it is that the incentive payment be allowed for their growers, we feel to knock out the incentive payments would be a depressive

factor on price. So that if the Western grower can get a benefit on this and get the benefit of the price, it will help to hold up the price of the Illinois producer, who will also get a better price for his wool.

There is another point in regard to our size of clip and the number of producers. We probably have 18,000 or more producers of wool in the State of Illinois who are to be reckoned with. 18,000 producers. There is a fundamental law that the extension of credit increases prices, while the restriction of credit decreases prices. Therefore we feel if this credit can be established it will be a help to the price.

As was brought out this morning -- and it was the first time I realized just exactly what this issue was this morning -- it was that it be restricted so that the marketing organizations could not market wool, and it would be only allowed to banks and loaning organizations. I wonder if these banks would loan any great amount of money on the incentive payments. There is a certain amount of speculation on this loan because we don't know just what it is going to be. So that it looks to me like the marketing agencies are in a much better position to loan money on the incentive payment, and for that reason it is one of our strong reasons for allowing the marketing associations

to handle the incentive payment.

MR. HUGHES: Thank you very much, Mr. Temple.

Would you give us your name, sir?

STATEMENT OF LeROY GETTING, REPRESENTING THE IOWA FARM BUREAU: IOWA SHEEP AND WOOL GROWERS COOPERATIVE: NATIONAL WOOL MARKETING CORPORATION

MR. GETTING: LeRoy Getting from Sanborn, Iowa.

MR. HUGHES: And you are representing whom?

MR. GETTING: I am representing myself as a lamb feeder. We feed annually 25,000 to 35,000 lambs per year. We also have a program of buying Western ewes in the fall and breeding them and selling them along about this time of the year.

In addition to that I am here in the interests of the Iowa Sheep and Wool Marketing Association, which has a membership of over 4,000. I have also been serving for a number of years on the board of directors of the Iowa Farm Bureau, and I have taken a part in a number of livestock associations in Iowa.

MR. HUGHES: And you are speaking for the assignment to marketing agencies?

MR. GETTING: That's right.

We have a marketing program of about eight million

pounds of wool in Iowa that we as producers are interested in. From a lamb feeder's standpoint we are not only interested in the production of wool in Iowa, but are interested in the welfare of the industry in the rest of the States in the United States, being a heavy producer of feeding lambs.

The welfare of the industry in those States lends a lot to our program in Iowa from the lamb feeding standpoint. We are interested in a free and open competitive market and stability in that market, particularly through the wool marketing season and wool shearing season in the spring.

It was our understanding in this program as producers last spring that it was a producer's program. We pursued it from that angle in the best interests of increasing wool production in the United States and in making the best use of our natural resources which we have, and we are very adaptable to sheep production. So when we endorse this program we also endorse it with the understanding these incentive payments could be assigned.

We as producers in Iowa see no grounds for the understanding that some have that they cannot be made, particularly when they are made on a voluntary basis, and every citizen is given and should be given that free right.

Every marketing association or warehouse that receives wool has the same privilege of doing that and serving its members.

We in Iowa are strongly in favor of these assignments being made as is now enacted into law by the Secretary.

MR. HUGHES: Thank you very much, Mr. Getting.

Who wishes to be heard next?

STATEMENT OF FRANK LEBUS, REPRESENTING THE KENTUCKY WOOL ASSOCIATION

MR. LEBUS: My name is Frank Lebus, representing the Kentucky Wool Association.

MR. HUGHES: Will you give us your address?

MR. LEBUS: Lexington, Kentucky.

MR. HUGHES: And you are here representing whom?

MR. LEBUS: I am here representing the Kentucky Wool Growers Association, who have approximately 2,500 members. Our Association has gone on record unanimously for the assignment of incentive payments and has requested me to come here and ask that these assignments be assigned.

This is about all we have to request, but we hope that the assignment feature can be put on the incentive payments.

I thank you.

MR. HUGHES: Thank you very much.

Who wishes to be heard next?

STATEMENT OF RUSSELL McLACHLAN, REPRESENTING THE MICHIGAN WOOL GROWERS

MR. MC LACHLAN: I am Russell McLachlan from Evart, Michigan.

MR. HUGHES: Will mail reach you at that point? Just Evart, Michigan?

MR. MC LACHLAN: That's right.

I represent the wool growers of Michigan. I was born in the year 1890. During that same year my uncle gave me a lamb. In all but two of the last sixty-four years I have had wool to sell. During the last twelve years there has been a support program by the Government on wool, and the price I received for my wool has gradually increased from 45 cents to 52 cents, or about 15 percent.

The total wool clip in the United States has gradually declined. Starting April 1, 1955, there is to be substituted for the support program an incentive payment for direct subsidy to the producer, from which I will receive no benefit until after April 1, 1956. Unless I am able to assign my interest in the incentive payment to someone, the agency through which I have marketed my wool for the last twenty years is in a position to make me an advance on my incentive payment as soon after April 1, 1955, as my wool is delivered to them. If they are not allowed to do this I

will get no benefit until the summer of 1956.

At a meeting of wool producers and lamb feeders held February 10 the following resolution was unanimously adopted:

"We believe through assignment of the interested in the incentive payment the wool grower will secure a much larger income from their wool during the shearing season in 1955 than would be the case without assignments; and wool producers will make good use of this increased income in 1955 to maintain, improve and increase their flocks of sheep."

I was delegated by this group of Michigan wool growers to bring this message to this meeting.

MR. HUGHES: Thank you, Mr. McLachlan.

Who is next?

STATEMENT OF ROY A. WARD, REPRESENTING THE PACIFIC WOOL GROWERS; PORTLAND WOOL TRADE ASSOCIATION

MR. WARD: My name is Roy A. Ward of Portland, Oregon. My sheep interest is in Dundee, Oregon. I am a grower and represent the Pacific Wool Growers, a cooperative wool marketing agency composed of approximately some 3,500 sheep men; and also the Portland Wool Trade Association, composed of sixteen firms -- one cooperative and fifteen private

dealers and woolen mills.

In order to conserve your time I have reduced what I have to say to a short statement, which I would like to read.

We would favor the assignment of the incentive payments to those marketing agencies that make production advances on wools.

When the National Wool Act of 1954 was in the progress of formation, it was the general belief among the wool cooperatives -- of which there are some 28 in the United States, with a membership of well over 100,000 wool producers -- that the payments of the incentive wool payments to growers would be made through the bona fide marketing agencies, whether cooperative or private. This view was also entertained by a number of wool consignment houses, and by some U.S.D.A. officials with whom the matter was discussed by grower groups.

When tentative information on producedure for making incentive payments on shorn wool was issued, the plan above mentioned was abandoned and it was decided to make the incentive payments through local county A.S.C. offices.

Wool growers, wool cooperatives, and a considerable number of wool dealers and wool handlers then recommended that wool growers be permitted to assign their incentive

payments to their marketing agencies as additional security, for substantial advances made by the marketing agencies at shearing time.

All cooperative wool marketing groups, some wool dealer trade associations, and at least one of the national farm organizations favor the assignment of the incentive proceeds to the marketing agency which makes the original advance on the wool. For over 34 years it has been customary for growers to obtain their advances on their wool from their cooperative, or from the consignment house to which they consigned their wool. These ordinarily run from 60 percent to 70 percent of the current market value of the wool.

These wool advances at shearing time permit the orderly marketing of the wool clip of the United States over a period of time as the mills can absorb it without disturbing or glutting the market by dumping the entire clip on the market within a short period, and results in higher returns for the wool growers. This is in accordance with the following statement of the United States Department of Agriculture, released under date of January 25, from which we quote:

"Officials pointed out that the major determining factor will be whether or not assignments contribute

to the overall objective of the new wool act to encourage growers to increase domestic wool production."

Depriving the grower of the right to assign his incentive payment to his marketing agency, whether cooperative or private, will also deprive him from obtaining as large a cash advance on his wool as he would otherwise obtain, and which he needs for production and operating expenses in the spring and summer. Small farm flock growers, who are greatly in the majority in numbers in the United States, do not care to (and in many cases cannot) obtain advances on small lots of wool from their banks. This has been ascertained by investigation. In our opinion, it is too expensive for the banks to attempt to prepare the papers on 200 to 500 or 600 pounds of wool, as the case may be. Many growers do not care to place chattel mortgages on their livestock in order to get a wool advance. These small growers need the larger advance that these assignments make possible, and we feel they are entitled to them. The larger range operators can secure production financing from their livestock loan company or bank.

The U. S. Census for 1950 shows that out of 285,534 farms owning sheep in the United States, 275,123 own less

than 300 sheep per farm. These can be classed as farm flock growers. In the same census those who can be termed range growers owning over 599 sheep per farm, total only 6,134. On behalf of these smaller growers -- over 100,000 of whom are members of the wool cooperatives -- we request the Department of Agriculture to permit the wool growers receiving an advance to assign this incentive wool payment to his wool marketing agency, if he desires to do so, whether the agency be cooperative or private, with the stipulation that the advance will be used by the grower solely for the production of sheep, lambs or wool, and the marketing of wool.

On December 21, 1954, the Portland Wool Trade Association representing 16 firms engaged in the wool business and the handling of wool in and near Portland, Oregon, passed a resolution unanimously favoring the assignment of incentive payments, and copy of such resolution is attached hereto.

> "The Portland Wool Trade Association meeting in Portland, Oregon, on December 21, 1954, unanimously passed the following resolution favoring the assignment of incentive payments on shorn wool to any marketing or financing agency that makes the advance on wool to the grower:

"WHEREAS, it is a matter of simple justice that any agency, whether bank, loan company, dealer, or cooperative, which makes an advance on shorn wool, is entitled to all the protection for that advance afforded by any legitimate means, and

"WHEREAS, the assignment of the incentive payment to the marketing agency or the financing company will undoubtedly result in a larger amount of advance being made available for the producer, for production purposes, than would otherwise be the case, and

"WHEREAS, many thousands of small growers are unable, or are not desirous of attempting to secure advances on their wool through local banks or loan companies. THEREFORE, IT IS UNANIMOUSLY

"RESOLVED by the Portland Wool Trade Association that it strongly recommends to the Commodity Stabilization Service and the Commodity Credit Corporation that assignments of incentive payments on shorn wool be permitted to marketing agencies, handlers, or financing companies which make the original advance to the grower on the shorn wool.

"PORTLAND WOOL TRADE ASSOCIATION
(Signed) E. L. Adams
Secretary-Treasurer

"Pacific Wool Growers, a cooperative wool marketing organization with a membership of some 3,500 producers residing in Oregon, Washington and Idaho, is a member of the Portland Wool Trade Association and approved and concurs in the above resolution."

The Pacific Wool Growers, by action of its Executive Committee on February 10th, passed a resolution unanimously favoring the growers' right to assign their incentive wool payments to marketing agencies making advances to the growers.

Wewill appreciate your favorable consideration of this request.

Respectfully submitted, Pacific Wool Growers, by R. A. Ward, Vice President and General Manager.

I wish to read a letter from the United States National Bank of Portland, Oregon, addressed to Mr. McConnell.

"THE UNITED STATES NATIONAL BANK
OF PORTLAND, OREGON

Mr. James A. McConnell, Assistant
Secretary of Agriculture,
U. S. Department of Agriculture,
Washington 25, D. C.

Dear Sir:

Subject - Assignment of Incentive Wool Payments. New Wool Program

It would be of great advantage to the small wool grower, in obtaining bank credit for current seasonal financing, if he would be permitted to assign incentive payments on shorn wool, such payments coming to him under the terms and conditions of the new wool program of 1954.

This bank, which operates 57 branches in the state located mostly in the livestock and agricultural communities, favors the assignment privilege and urges that it be permitted under the National Wool Act of 1954.

Respectfully yours,

/s/ C. R. Harding,

Vice President."

That is my statement.

MR. HUGHES: Thank you very much, Mr. Ward.

We have about another fifteen minutes, gentlemen, to hear the proponents of the assignment.

STATEMENT OF TOM CLARK, REPRESENTING THE MINNESOTA CO-OP WOOL GROWERS

MR. CLARK: My name is Tom Clark and my address is

Hopkins, Minnesota. I am speaking for the assignment. I am representing myself as a producer of wool and also some 15,000 members of the Minnesota Cooperative Wool Growers Association.

I also have in hand a resolution passed at the recent annual meeting by the Central Cooperative Association of South St. Paul, Minnesota, operating in about six or seven States in our area, having a membership of 162,000 people, which is managed by Mr. Norris J. Kearns, whom many of you know. This resolution is addressed to the Honorable Ezra Benson, Secretary of Agriculture:

> "Be it resolved that the Government be requested to permit assignment of incentive payments so that wool growers of the Middle West Will have use of part of this money when their wool is shorn rather than waiting until the late summer or fall of 1956."

I think that good and sufficient reasons have been given. They are the reasons I would give if I were to make a speech. Suffice it to say, this incentive payment is going to mean a great deal to most of our 15,000 or 16,000 growers. It has become their customary method of marketing their wool to assign it to our association and take an advance upon it. Our people feel that this wool,

or a great deal of this wool, is forced on the market because these people need money and cannot get it. It is going to have the effect of greatly reducing the market price of wool.

Thank you.

MR. HUGHES: Thank you, Mr. Clark.

Who wishes to be heard next?

STATEMENT OF I. H. JACOB, REPRESENTING THE PRODUCERS LIVESTOCK LOAN COMPANY, SALT LAKE CITY, AND GROWERS

MR. JACOB: I. H. Jacob of Salt Lake City, Utah. I am representing the Producers Livestock Company, and also myself as a wool grower. I am for the assignment of the incentive payments.

First I think it is going to materially help th e credit of the wool grower -- and I am talking now as manager of the loan company. I know we can go further with a distressed borrower if we have this assignment than we can if we don't./

From the standpoint of the wool grower, I think he should be entitled to his free choice if he wants to assign the incentive payment, and he should be permitted to do so. If he does not want to assign it, it is okay. A little more elasticity, I think, will stablize the wool price,

especially during shearing time, to a certain extent, and the factors are all favorable toward the grower, as I see it.

MR. HUGHES: Thank you very much.

Who wishes to be heard next?

STATEMENT OF L. M. JONES, REPRESENTING THE UTAH WOOL MARKETING ASSOCIATION

MR. JONES: My name is L. M. Jones of Cedar City, Utah. I am representing myself as a grower, having been in the business all my life, and also the Utah Wool Growers Organization.

The points have been covered amply, but to enumerate them, it gives a choice which I think is beneficial to all growers. It gives a choice to the grower to make an assignment. It brings immediate help, and we need help now. It helps the small operator particularly. It will bring larger advances and the extension of credit, and naturally will raise the price. There is no question about it. It will preventing dumping of wool and will provide an orderly market.

I am definitely in favor of the assignment of the incentive payments.

MR. HUGHES: Thank you, Mr. Jones.

We still have a few minutes left. Who wishes to be

heard next?

STATEMENT OF RALPH MECHAM, REPRESENTING

SENATOR WALLACE BENNETT OF UTAH

MR. MECHAM: My name is Ralph Mecham. I am here representing Senator Bennett of Utah and I wish to say that he is in complete accord with the views just expressed by Mr. Jones and Mr. Jacob.

MR. HUGHES: Thank you.

Is there anyone else?

STATEMENT OF JIM SAM GILLESPIE, REPRESENTING

THE UNITED WOOL GROWERS

MR. GILLESPIE: Mr. Chairman, I am Jim Sam Gillespie of Pounding Mill, Virginia. I represent myself as a sheep producer, and also the wool growers of Virginia, and I want to go on record as being in favor of the assignment of the incentive payment. The sheep growers of Virginia are mostly under 100 head, and I think they need the money at the time of the shearing.

MR. HUGHES: Thank you very much.

Who wishes to be heard next?

STATEMENT OF DAVID P. CONNERY, REPRESENTING

SENATOR PAT MC NAMARA OF MICHIGAN

MR. CONNERY: My name is David P. Connery. I am here representing Senator McNamara of Michigan.

I want to say he has the same views as were expressed here by Russell McLachlan on behalf of the Wool Growers of Michigan.

MR. HUGHES: Thank you.

STATEMENT OF R. H. TUCKWILLER, REPRESENTING THE WEST VIRGINIA WOOL MARKETING ASSOCIATION

MR. TUCKWILLER: My name is R. H. Tuckwiller of Lewisburg, West Virginia. I am here representing myself as a sheep grower. I also represent the West Virginia Wool Marketing Association.

We are not like some of these Western boys with big flocks here this morning, but we have lots of small flocks and we have about 4,500 members in our Association. They are all small owners.

As has been mentioned before, this Association does render a great help to its folks in getting their advance payments, and we are in favor of the assignment to the marketing agency.

MR. HUGHES: Would you repeat your name again?

MR. TUCKWILLER: R. H. Tuckwiller.

MR. HUGHES: Thank you very much, Mr. Tuckwiller.

MR. ROZZONI: Mr. Chairman, the gentleman I was waiting for is here now and I would like to have him present his statement to you.

Mr. Frank Woolley of the American Farm Bureau Federation.

MR. HUGHES: We have just a few minutes left. About how much more, timekeeper?

MR. IMMASCHE: About four more minutes.

MR. WINDER: I think there are a good many more here who will want to testify in favor of assignments. Will it be opened up again this afternoon?

MR. HUGHES: The tentative plan we thought of if it was agreeable was this. We started about 10:30, and when we got into the discussion for and against it would take about three-quarters of an hour for each side this morning. Then this afternoon we would divide the time to give everyone a chance to talk, dividing it an hour for and an hour against. Then we will have a rebuttal period if you want, and have further rebuttal of, let us say, a half an hour for each side.

I think the proponents here should decide whether they want Mr. Woolley to talk now or this afternoon. There are a very few minutes left.

SENATOR BARRETT: Mr. Hughes, will an opportunity be presented for filing statements after this hearing today for a matter of a week or so?

MR. HUGHES: We have not discussed that. What do you think, Mr. Immasche?

MR. IMMASCHE: We have received a lot of statements and people are very anxious for a decision on this. If we delay it that much it will be delayed that much longer. That is the only thing.

SENATOR BARRETT: I thought perhaps some of them might want to consolidate their thinking and give their views, and if they could have a very short time I agree that would be all that would be necessary.

MR. IMMASCHE: We could allow it through Monday or Tuesday, or something like that.

SENATOR BARRETT: I think that a short time would be advisable.

MR. GETTING: Mr. Chairman, I would like to hear Mr. Woolley's statement, if we could, at this time.

MR. HUGHES: How is our time, Mr. Immasche?

MR. IMMASCHE: We have two or three minutes.

MR. HUGHES: Very well, Mr. Woolley.

STATEMENT OF FRANK K. WOOLLEY, REPRESENTING THE AMERICAN FARM BUREAU FEDERATION

MR. WOOLLEY: The American Farm Bureau Federation Board of Directors considered the question of assignments very carefully and had before it the proposed form that would be prescribed with respect to the use of assignments and went on record as being in favor of it. Of course, we

are very anxious that the interests of growers are protected adequately. We have not had the time to go into the ramifications and the legal aspects of the second proposal.

I am quite sure it is in line with the thinking of the Board. The President of the American Farm Bureau Federation has already filed a letter with Mr. McConnell with respect to this position. We will be happy to answer any questions as to why we arrived at that conclusion if anybody wants to interrogate us with respect to our conclusions.

MR. HUGHES: Thank you very much, Mr. Woolley. That about concludes the time we started to allot here this morning for the proponents. I do want to say again and emphasize that we would like to have you file any statements you may have with you that you wish to go into the record. We would like to have them at the end of the meeting.

MR. D'EWART: I have here a folder from Senator Mundt from South Dakota that should probably be made a part of the record at this point, and also a letter addressed to the Secretary from Mr. Thurston.

MR. HUGHES: Thank you, gentlemen.

Who wishes to be heard first of the opponents to this issue?

STATEMENT OF PENROSE B. METCALFE,

REPRESENTING THE TEXAS SHEEP AND GOAT

RAISERS ASSOCIATION AND THE CALIFORNIA

WOOL GROWERS ASSOCIATION

MR. METCALFE: Mr. Administrator and Mr. Secretary. My name is Penrose B. Metcalfe from San Angelo, Texas. I appear as spokesman for a group of Western State Wool Growers Associations, and we wish to appear in opposition to the assignment.

I am sure there are others who will also want to appear. We didn't want to grab the first place, but I just want to announce we are ready.

MR. HUGHES: Such modesty is to be commended. We did start out originally with the intention that maybe there might be a speaker or two from each side, if you already have your ducks in a row. But in view of the fact that we already established more or less the other pattern this morning, I would like to see us go ahead and give time to each individual during the allotted forty-five minutes, who would like to be heard.

What is your pleasure?

MR. METCALFE: I will break the ice. Somebody has to and I might as well do it.

Mr. Secretary and Mr. Administrator, as I announced

to the clerk I will file a statement with most of what I have to say for the record. I am a small grower of sheep and I live in Texas. That is the way I try to arrive at a livelihood -- by raising sheep and wool. There are several State organizations represented here today who have similar situations. We concluded in order to expedite your time and that of your staff, perhaps it would be advisable to file a joint statement. That is, we understood the procedure was to be a little different, but it is entirely satisfactory to us inasmuch as we finally made it here. We didn't want to hold up the hearings, but tried to conclude the statements, which delayed my getting here.

These States which are represented in our group -- the California Wool Growers Association, the Idaho Wool Growers Association, the Western South Dakota Sheep Growers Association, Texas Sheep and Goat Raisers Association, Wyoming Wool Growers Association and the New Mexico Wool Growers Association -- all of the representatives here today are either the president or his personal representative of each of the Associations which I have just named. We have prepared the statement in our own words.

Perhaps I might not say this, we we have prepared it without any assistance of legal counsel. So we hope that the Secretary will bear with us if we are not altogether

according to perhaps legal terminology. We just wanted you to know what we growers thought about it.

I will proceed then. I think this should have been addressed to the Honorable Ezra T. Benson, Secretary of Agriculture.

We, the undersigned official representatives of the wool growers associations of the States of California, Idaho, Western South Dakota, Texas and Wyoming, which States affiliate with the National Wool Growers Association, and which States have a sheep population of 10,434,000 of a total sheep population of 16,353,000 and an annual tonnage of wool of 94,029,000 out of a total tonnage of 147,764,000, or approximately two-thirds of the sheep and wool in the area covered by the National Wool Growers Association, and in addition, the New Mexico Wool Growers Association, which does not affiliate with the National Wool Growers Association, with a sheep population of 1,242,000 sheep, joins in this entire statement. These figures are taken from your Department's figures of 1954, which is the latest available that were filed. I think it is approximately correct as to the latest report.

After careful and thorough consideration of the question of assignment of incentive payments, we have concluded that the assignments of such payments would be

unwise and unwarranted, detrimental to the best interests of the individual grower, and would jeopardize the ultimate success of the entire wool program.

We have complete confidence in the desire and intent of the Secretary so to administer the Act that it will accomplish the purpose for which it was intended and insure that the individual grower receives the incentive payments which might be due him.

A major consideration in this problem is the possible effect the proposed assignment of incentive payments will have on the goal of reaching a shorn wool production of three hundred million pounds, as you recall set out in the Wool Act of last year. To reach this goal, growers must have a sustained market over a period of years, in proper proportion to the national economy. The sheep industry is like the rest of the livestock business in that it is a long-term operation. The Wool Act of 1954 is at its best a temporary expedient to attempt to increase production over a four-year period. To be successful, the program must restore a free wool market with a minimum of speculation. Should speculation, and a storage program, in any year result in the forcing of large quantities of the wool on the market at the end of a marketing year, a demoralized market could result. This would mean high

incentive payments to growers and a depleted fund. The following year might see a lower incentive level established, thereby discouraging growers from increasing production.

In order to assist the Secretary in reaching a decision on the question of assignment of incentive payments we respectfully submit herewith some of our reasons for believing that such assignments should not be permitted to anyone:

No. 1. Normally by far the large percentage of wool is handled by cash buyers and this has been the case for a long time. If assignments of incentive payments are permitted, it would definitely work to the advantage of consignment handlers, since they would be able to advance more money by taking the assignment of the incentive payment as additional security, than the cash buyer could pay for the wool, since he would not be permitted to take assignments or be in a position to do so.

To illustrate this: If we assume that the national average market price of wool is 42 cents per pound, and I hope it is a lot more than that, then obviously the cash buyer would be able to offer only 42 cents for a grower's wool, but the consignment handler could loan 75 percent of the value of the wool, or approximately 33 cents per pound. In addition the consignment handler might loan, say 17 cents

on the assignment of the incentive payment. The inclination then would be for the grower to consign his wool, as he could get 50 cents per pound for his wool immediately. This would encourage consignment, since the grower could borrow 50 cents per pound for his wool immediately, and the cash buyer could only offer him 42 cents; what he would actually get for the wool on which he has taken an advance would be determined later.

The argument has been made that thecash buyer could also loan money on the incentive payment in order to be competitive, but this is not his normal practice. He would be forced to go into the financing business and compete with the use of high-interest private capital against low-interest Government-guaranteed cooperative capital. It is easy to understand why the consignment handlers want this advantage, since they would be able to get more wool into their warehouses and make more money from handling charges, storage charges and interest on loans. All of these charges would have to come out of the growers' pocketbook. The longer the wool remained unsold, the higher the cost to the grower and the more profit to the marketing agency. Furthermore, this would encourage holding of consigned wools until near the end of the marketing year, when a substantial amount could then be

dumped, with a resultant adverse effect upon the market. This could cause the incentive payments to be higher than they normally would be.

No. 2. If assignments were permitted on both cash sales and consignments, we feel it would greatly decrease consumption of domestic wool. In other words, if the manufacturer (who is actually the raw wool producer's final real customer) had to meet competition by advancing cash on the assignment of the grower's incentive payment, this would entail tremendous cash outlays over and above the price of foreign wool, for the privilege of handling domestic wool. This would unquestionably defeat the entire purpose and intent of the National Wool Act of 1954.

No. 3. We feel that under the proposed assignment regulation the wool grower is hedging the consignee against any loss on an over-advance on wool. As the national average price of wool goes down, the amount paid by the United States Government becomes larger to bring the national average price up to the figure which the Secretary of Agriculture has set for that particular year. This over-advance will in no way help the grower because any loss the consignee may suffer on the wool will merely be deducted from the increased amount of the incentive payment due the grower.

This guarantee against loss does not make for efficiency, and over-advances in any industry are a depressing factor. The cash buyer without the hedge of an assignment is at a distinct disadvantage if a break occurs in raw wool prices,

as his inventory will show an actual cash loss and he does not have an assignment in his pockets to hedge.

No. 4. Market manipulations, which would be possible were assignments permitted, would be most detrimental to the growers' interest, and could result in higher incentive payments than otherwise would be necessary. A consignment handler would be under extreme pressure to sell to his customers at less than the market with a resultant bad effect on the overall market and the entire wool program. This could cause dissatisfaction with the whole wool program among growers, taxpayers and Congressional delegations.

No. 5. Another depressing factor on the market, resulting from assignments, would be the fear of cash buyers including dealers, top-makers, and manufacturers, to carry any inventories, in view of competitive advantages that would accrue to consignment handlers. This would curtail normal market outlets and the result is obvious.

No. 6. Cash buyers could also use the large accumulation of wools in consignment houses as a threat to beat down the price they would have to pay for their purchases.

No. 7. If assignments are permitted with the restrictions as outlined in the Department of Agriculture release dated 1/24/55, concerning the assignments, the result would be to withdraw mortgaged property from first-lienholders who have loaned money to growers and taken a chattel mortgage on their sheep and wool and all the increases. The incentive payment is certainly an "increase" and should be available to a present lienholder without any assignment.

No. 8. One argument used by the proponents of assignability, was that we should not restrict the grower in the manner in which he handled his incentive payment, but they are not consistent with this objection. Just prior to the Salt Lake City Convention of the National Wool Growers Association, last December, we learned that a request had been made that the Department permit assignment, and that it was contemplating permitting assignment of incentive payments to banks, lending institutions, and marketing agencies. At the conclusion of the Salt Lake City Convention, the Executive Committee recommended to the Secretary a further restriction which would have prevented assignments to any lending agency which also acted as a wool handler. The National Wool Marketing Corporation

objected very strenuously to this restriction, and as a result a special meeting of the Executive Committee was called in Denver on January 8th, which resulted in the request for this meeting today.

At the Denver meeting the proponents of assignments were unwilling to go along with the restriction recommended at Salt Lake, but were willing to agree to other restrictions. We took the position and still do that in order to be fair, and not discriminate against some or in favor of others, that if there are any restrictions on the assignment of incentive payments, then they should be totally restricted. We would like again to state that we represent approximately two-thirds of the total sheep and wool represented by the National Wool Growers Association, and in addition those represented by the New Mexico Wool Growers Association.

No. 9. Some apprehension has been expressed that growers cannot get financed to carry their wool for a reasonable period, and dumping would result at shearing time, and thus adversely affect the wool market.

We cannot agree with this position, as we have contacted bankers and lending agencies throughout the principal wool-growing area and they state, almost without

exception, that the non-assignability of incentive payments would not curtail credit which would be available to growers. Both the national banks, and those who discount with the Federal Intermediate Credit Bank, feel that they would lend money on the basis of financial statements or chattel mortgages and the faith which they have in the individual grower and the industry.

No. 10. The precedent for the absolute restriction on the assignment of government payments has been in the National Sugar Act. It was felt by groups who prepared the sugar bill that any payment under the Act should go direct to the one for whose benefit the Act was passed, i.e., the actual producer; hence any assignment of payments due under the Sugar Act is prohibited. Assignment of ASC payments, which is permitted, has no similarity to wool or sugar payments, as this is a definite predetermined amount in partial payment for work already done.

No. 11. The proponents of assignments suggested that unless the Secretary permitted assignment of incentive payments, certain marketing agencies might fight the activation of Section 708 of the Wool Act. We do not feel that we or the Secretary should be coerced into

taking action which might be detrimental to the growers and the entire wool program just to get support for Section 708. Each should stand or fall upon its own merits.

No. 12. We have not been parties to any agreement to permit assignment of incentive payments to marketing agencies, and if any agreements have been made with any other segment of the industry to this effect, we do not feel that we or the Secretary should be bound by them.

No. 13. If the Secretary should permit assignments and make the incentive payment checks payable to the grower and assignee jointly, or directly to the assignee, for the account of the grower, then the Department would be placed in the position of a collection agency for certain marketing and lending agencies. This we do not believe to be a proper function of the Department. If the lending or marketing agency does not have confidence in the grower to whom they are advancing money, then a loan should never have been made in the first place.

The incentive payment plan was devised to remove the necessity of Government storage and purchase of wool, and Government auditing of handlers' records in providing incentive for the additional production of wool. I

believe you have quite a large tonnage of wool in the warehouses which the Commodity Credit Corporation now owns, and will probably get more in the immediate future.

If the incentive payment is assigned in accordance with the form presently being distributed for discussion purposes, it would be necessary, in our opinion, to audit the records of each marketing agency who received such assignment to assure that proper accounting and disbursement of additional funds that result above the advance previously made, and that such disbursement was made within the sixty-day time limit. We feel that such an audit, fromthe point of view of cost and effort, far outweighs any slight advantage that might accrue to a sheep man by the additional advance such assignment would provide.

No. 14. In studying the proposed assignment, dated 1/24/55, we also note that in certifying to the assignment the sheep man automatically includes the incentive payment of all wool that he produces during the particular market year in which the assignment is signed. Many sheep men are now starting to tag their sheep. These spring tags are eligible for the incentive payment. They will, in the balance of the year, shear twelve-

months or eight-months wool, lambs wool, they may shear in the fall and end of the year, tagging again in the late fall. If a grower signs such an assignment when he delivers his spring tags -- or clippings is a better word, I think, because it does not bring such a low price -- he is then under a limited obligation to deliver or sell the balance of his year's wool production to or through the same marketing agency. It has been our experience that sheep men, at least here in the West, demand the freedom to trade and market their wool as the situation presents itself. We are still sort of rugged individualists. They want no strings and no obligations in marketing their production. We have also found that one sheep man's year's production may be sold to or through three or four different marketing agencies.

In conclusion, if assignments are strictly prohibited, and no name other than that of the actual wool grower appears on the check for incentive payments, there will be no danger of using possible incentive payments for market manipulation by anyone; normal marketing practices would not be disturbed -- practices which have been followed for many, many years; there would be no trafficking or speculation in incentive payments; the

Department of Agriculture would not be in the position of acting as a collection agency for some dealers or handlers; credit which has always been available would still be available; our domestic wool will go into consumption rather than storage; no one segment of the industry would be given an advantage over another by reason of departmental regulations; and the incentive payment would actually go to the one for whom it was intended -- the individual wool grower.

Mr. Administrator and Mr. Secretary, I apologize for taking so long, but we wanted to get that in.

Thank you.

MR. HUGHES: Thank you, Mr. Metcalfe. How much time do we have left, Mr. Secretary?

MR. IMMASCHE: Twenty minutes.

MR. HUGHES: We have twenty minutes to hear from more opponents.

STATEMENT OF ARTHUR PERRY, REPRESENTING SENATOR LYNDON B. JOHNSON OF TEXAS

MR. PERRY: My name is Arthur Perry. I represent Senator Lyndon Johnson of Texas. By reason of a recent operation he is not able to be here, but he sent me and authorized me to say he commends the statement of Mr.

Metcalfe and associates himself with those views, and hopes that the Department will not adopt any restrictions here that will impair or be to the disadvantage of the growers of wool, especially in Texas.

MR. HUGHES: I am glad to get that message from Senator Johnson.

Who else wants to be heard at this time, that is, in opposition to the assignment of the payment to marketing agencies.

Would you give us your name and address?

STATEMENT OF GEORGE L. ANDERSON, REPRESENTING THE BOSTON WOOL TRADE ASSOCIATION

MR. ANDERSON: My name is George L. Anderson, 246 Summer Street, Boston, Massachusetts. I am a wool dealer in Boston, and I have been for many years; more than I would want to admit publicly.

I am here representing the Boston Wool Trade Association, of which I am chairman of the Domestic Wool Committee.

I am a little puzzled as to how to state exactly my position, because while we recognize the dangers that lie in permitting assignments to wool marketing agencies, we respect the right of the grower to handle his affairs

in the manner which is to his own advantage. So that our position generally is that it would be all right for the grower to be permitted to assign his incentive payment.

We feel, however, that the terms and conditions under which that permission is given, or should be given, is the focal point in this whole question. We have prepared a statement and I think one has been filed. I would like to have it read into the record here, if I may, and I am going to ask the secretary of our Association, Mr. George C. Abernathy, Jr., to read this statement that we have.

MR. HUGHES: Mr. Abernathy.

STATEMENT OF GEORGE C. ABERNATHY, REPRESENTING THE BOSTON WOOL TRADE ASSOCIATION AND THE NATIONAL WOOL TRADE ASSOCIATION

MR. ABERNATHY: I am George C. Abernathy, Jr., 263 Summer Street, Boston, Massachusetts.

This is a statement of the Boston Wool Trade Association on the proposed assignment of incentive payments under the National Wool Act of 1954. This was prepared February 10, 1955, and has been generally available since that date.

This statement is submitted by the Boston Wool Trade Association for consideration by the Department of Agriculture in connection with a meeting called by the Department for February 18, 1955, to discuss whether the assignment of grower incentive payments under the new Wool Act should be permitted and, if so, upon what terms and conditions.

As a basis for the February 18 meeting, the Department has issued a Memorandum dated January 25, 1955, pointing out that the deciding factor in their final determination of this matter will be whether or not assignments contribute to the overall objectives of the new Wool Act, further stating that if assignments are permitted certain safeguards would be required to protect growers' interests. A proposed form of assignment is attached to the Department notice.

The Boston Wool Trade Association takes no position on the basic question of whether or not assignments should be permitted. It is felt that this question is exclusively for grower determination, and a decision not to permit assignments would end the matter. If, however, a decision is made to permit assignments, the terms and conditions under which assignment transactions will be

recognized will have an important effect on the entire wool marketing system. The terms proposed in the memorandum and form issued by the Department are such that wool prices could be subjected to artificial manipulation to such extent that the incentive to buy wool outright would be seriously affected and could lead to the ultimate destruction of the cash market for domestic wool. This matter is of vital interest to our members and to all others whose business includes the outright purchase of domestic wool.

A few general remarks about the marketing of wool are necessary at this point. Practically all the wool grown in this country is merchandised by the growers to "marketing agencies," who in turn market the wool to domestic manufacturers. The marketing agencies are of two types: (a) the private dealers, who handle 70 percent to 80 percent of the wool; and (b) the cooperative associations, which handle the remaining 20 percent to 30 percent. Two merchandising methods are used by growers in their dealings with these marketing agencies: (a) the grower sells his wool outright to the agency; and (b) the grower consigns his wool to the agency and ordinarily receives an advance which is repaid out of

the ultimate sale, the grower bearing the risk of such sale.

There are no available figures as to the quantity of wool marketed by means of each of these merchandising methods. However, it is believed that the cooperative associations use the consignment method almost exclusively in their operations, while the private dealers use it relatively little as a proportion of their total. Accordingly, we estimate that 60 percent to 75 percent of the wool grown in this country is generally sold outright to private buyers, compared to 25 percent to 40 percent which is consigned to private dealers and cooperative associations. The point to observe here is the overwhelming importance to the grower of a cash market for wool.

Under the method proposed by the Department, the grower would assign his benefit payment to the marketing agency for an advance on his wool, the only requirement being that the advance is, or will be, in an amount larger than would have been advanced without the assignment; and the only obligation of the assignee would be to make full and specific accounting and remittance of any balance due to the grower within sixty days of receipt

of the payment.

As we all know, advances on wool are an integral part of consignment transactions, but play no part in outright sales. Thus it would appear that these proposals are intentionally designed for the direct advantage of those marketing agencies engaged in the consignment business. The consignee agency needs only to certify that an unspecified additional amount is advanced to the grower in order to subject the grower's benefit payment, as well as his wool, to the risk of later sale. The consignee agency has the opportunity to use the assignment as a protective hedge against any loss to it arising from sale of the grower's wool at a price which would net less than the amount advanced to the grower. The consignee agency thus can use public funds placed in its hands through the assignment to reimburse itself for any overadvance, and merely account to the grower for the unused balance, if any. A more complete misdirection of the purposes of the Act can hardly be imagined. Since the outright buyer of wool would not be afforded this protective hedge against possible losses, it is obvious that the possession of assignments by consignees of wool would provide them with such an advantage as to lead to

the virtual elimination of cash buying.

It must be remembered that the only wool eligible for incentive payments is that which has been sold during the marketing year. For wool to flow freely into inventories of dealers and manufacturers requires a stable and realistic market. In a competitive market, such as we have had in the last two or three years, any amount of selling by consignment agencies at below market prices, which could be expected in view of the protective hedge afforded them by an assignment, would create a market so unstable as to destroy all incentive to buy wool beyond immediate requirements. If the aggregate of such requirements were insufficient to absorb the entire clip during a particular marketing year, large unsold quantities would have to be thrown on the market at distress prices before the end of the marketing year in order to qualify for the incentive payment applicable to that year. Such necessity would certainly be anticipated by continuous downward pressure on prices throughout the year and the withholding of normal inventory purchasing. It is vitally important to the growers that manufacturers be encouraged to engage in current buying of wool throughout the marketing year. Any plan by which the value of growers' assign-

ments becomes a part of the bargaining value of the growers' wool will confuse the market status of wool and discourage investment in wool inventories.

In our view these threats to the orderly marketing of the domestic wool clip can be avoided if assignments are permitted with the requirement that the transactions involving them be completely segregated from any transactions relating to the sale of the growers' wool. Thus the entire amount of incentive payment collected by the assignee would be remitted to the grower, the only allowable deduction being the amount advanced as stated in the assignment itself, with interest thereon at a reasonable rate per annum.

Contacts by our members with growers on these questions indicate that with practically no exception, those growers who favor assignments have an impression that they would be completely segregated. The Departmen's proposed tie-in method has aroused such opposition from growers to whom it has been explained that we are constrained to believe it is the subject of widespread lack of information or misinformation. The Department should consider these possibilities in any present appraisal of grower opinion. It could be most helpful to publish to all growers an official detailed explanation of the pro-

posed method if its adoption is seriously considered.

The factors to be considered in making a decision on this matter may be summed up as follows:

If the assignment as proposed:

(a) is a tie-in transaction with the sale of the grower's consigned wool;

(b) without a specific paid consideration stated in the consignment instrument;

(c) without provision for payment to the grower in full of the amount of incentive payment determined to be due him;

it will operate to the disadvantage of all growers, both those who consign and those who sell their wool outright by the unnecessary creation of an unstable market for wool.

If, on the other hand, the assignment:

(a) is handled as an integrated transaction, completely segregated from any transaction relating to the sale of the grower's wool;

(b) is made for a specific advance paid and stated in dollars and cents in the assignment form;

(c) provides for payment in full to the grower of

the amount of the incentive payment with no offset of any kind except the specific advance and interest;

then we feel and suggest the growers may have good reason to feel that such an arrangement will be to their advantage and that it will contribute to the objectives of the National Wool Act.

MR. HUGHES: Thank you, Mr. Abernathy.

MR. ANDERSON: May I resume now?

MR. HUGHES: Could I interrupt a minute, please? How much time do we have?

MR. IMMASCHE: About five minutes. Or we could credit their time to this afternoon, if he wants to.

MR. HUGHES: Do you want to take another five minutes now and finish up?

MR. ANDERSON: I think it is going to take a little more than that.

MR. HUGHES: Go ahead then. How much time do you estimate it will take you?

MR. ANDERSON: I don't know. I will shorten it as much as I can.

MR. HUGHES: There will be further time to hear both sides again this afternoon.

FURTHER STATEMENT OF GEORGE L. ANDERSON, REPRESENTING THE BOSTON WOOL TRADE ASSOCIATION

MR. ANDERSON: Thank you, sir.

As I stated at the outset, the form in which the proposed assignment is set out seems to me a very important factor in this situation. As has been read, it does provide the wool consignee with a protective hedge against the funds advanced on the wool. It is going to be argued, no doubt, that the responsibility of the consignee fully to represent the interests of his consignors will tend to prevent any misuse of the hedge position so far as making sales of wool is concerned. It is true that the history of the handling of wool consignments demonstrates that wool consignees have conducted their affairs on a high plane with close observation of their responsibilities to their consignors. It cannot be ignored, however, that the proposed assignment in the form outlined introduces an entirely new feature in consignee-consignor relations.

We feel that the dangers that that new feature introduces will be very detrimental to the whole wool marketing system so far as domestic wool is concerned. Even

some of our people up in Boston whose business is largely the handling of imported wool, feel that any misuse of this hedging feature could affect the value of their imports.

I would hardly go that far, but it might.

There is considerable apprehension among those who customarily buy wool outright, over the possible effects of this proposal. While the amount of the investment made is unknown because there is no stated consideration to be named, and the consignee is not required to make any determination as to the amount by which his advance was increased in order to obtain the assignment, nevertheless there must be some increase there in order to make the assignment valid. If he has advanced more money than in his judgment the market warrants, the consignee is going to be keenly aware that he has put more money into that wool than the wool itself warrants; and he cannot overlook the fact that he will have a self-interest in liquidating that excess advance that he has made.

It has been pointed out by a good many growers here this morning that it will be helpful to them to obtain a little higher advance than conditions generally would

warrant. In our statements we attempted to give an indication of the normal percentage of wool which is annually consigned in this country. Of course, those figures are subject to variation every year in the market conditions. The grower's opinion as well as the dealer's opinion of the possible future course of markets affect the relationship in the quantities of wool bought or consigned. But I think those of us who have been in the wool consignment business have become painfully aware many times in the past that high advances at shipping time do not contribute to establishing wool values. There have been too many over-advances crossed off for anybody to entertain the belief that high advances will sustain a market.

Our market for wool is affected by many, many things but I am quite sure that high advances are not one of the things that do affect the market.

Of course, the grower obtaining that high advance has got to pay the cost of it. He may be deluded into the belief that he is going to get a higher price for his wool, and he is going to be very much disappointed if the term of events results in his getting less than he was advanced. But if he does get less than he was

advanced, he will find that a kind and beneficent Congress of the United States has provided the public funds by which his consignee will be paid that over-advance, and he will have nothing to say about it.

I believe my associates are convinced that the dangers to the wool marketing system of grower consignments to marketing agencies under the terms proposed by the Department are of sufficient warrant to entirely re-study this question. These dangers can be avoided by a denial of recognition of assignments to marketing agencies, or recognition only under the most rigid requirements for complete segregation from transactions relating to the sale of the grower's wool.

I have been struck by the little information that has been put out throughout the country about how this thing was going to work. There came into my possession recently a copy of a letter that was sent out by one of the cooperative associations quite properly calling to the attention of the members of that Association the desirability of supporting the ideas of that cooperative. The statement is two typewritten pages long, and there is not a word about how the thing is going to work. There is a lot of information in there as to how good it is

and how bad it is going to be if they do not get it; but they do not tell their members how it is going to work. They do not tell them if they have an over-advance that it will be paid out of their incentive payment.

It is rather interesting in view of some of the things that have been said here this morning that one sentence in this statement is as follows:

> "We were also promised this assignment would be available before we gave our support to the legislation in Congress."

We have been assured from time to time, and Mr. Secretary, you gave us the same assurance this morning, that the matter had not been decided; and we have been and are proceeding on that theory. As long as there are so many wool growers here there is a little statement in this thing I am going to take a minute to read. He says:

> "There was much discussion whether the large Western sheep operators are speaking as actual producers, or whether they in addition to producing sheep and wool are buyers of wool representing firms that are a part of the

Boston wool trade, or part owners of, or representing warehouses that do much or most of their business with the Boston wool trade. We respect their right to disagree with us, but we do feel that they have an obligation to the industry to explain whether they are speaking in behalf of producers or in behalf of the Boston wool trade, whom they represent directly and indirectly."

I may say that our Association is very proud if there are such representatives that we are sitting in the same room with them.

MR. HUGHES: Off the record.

(Discussion off the record.)

MR. HUGHES: Our time is up, folks, and I think we should adjourn for lunch. I believe, Mr. Immasche, you have some announcements to make.

MR. IMMASCHE: The only thing is that there are three cafeterias in the building and they are all in the South Building. They are on the sixth floor. Two of them are on the very far south side. One of them you enter from the sixth wing and the other from the fourth wing. There is one on the north end that you enter from

the fifth wing. To get over there you can go up one floor and go down this way to the west and go over that passway over Independence Avenue. I think many of you have been here before and know the way very well.

MR. HUGHES: Can we reconvene at two o'clock?

MR. IMMASCHE: Do you want to decide now who leads off?

MR. HUGHES: If we follow the order that was set up this morning, then this afternoon we will divide the time an hour each for the proponents and opponents, and the proponents who had the first time allotted this morning will also have the first opportunity this afternoon to talk.

(FRANK DRYDEN, representing Senator Earle Clements of Kentucky, appeared and stated that Senator Clements wishes to associate himself with the statement of Mr. Frank Lebus of the Kentucky Wool Growers Association.)

(Whereupon, at 12:00 o'clock noon the hearing was recessed until 2:00 o'clock p.m. of the same day.)

AFTERNOON SESSION

MR. HUGHES: Everybody apparently looks well nourished here and also in good humor this afternoon after a nice lunch.

I believe Frank Immasche has some announcements he wants to make in respect to some minor items.

MR. IMMASCHE: I have just one. We would like to have a record of everyone who is here. Have you all filled out these cards and turned them in? We will get cards to you. There are two back there? Anybody else? You have turned in the cards to us, have you? Thank you.

MR. HUGHES: Ladies and gentlemen, this afternoon if you folks agree with the plan of procedure it will be as was announced this morning. We will take an hour for the proponents of the assignment to the marketing agency and an hour for the opponents.

We would like to get this meeting closed up as quickly as possible, but we want to take time for everyone to have an opportunity to speak if he wants to be heard. If necessary, after that hour we can have a short session of rebuttal for and against.

MR. IMMASCHE: We had better plan on the rebuttal.

MR. HUGHES: Frank says we had better plan on that period. Two hours from now will be four o'clock, and if we take an hour we can still close the meeting by five o'clock. So without any other formalities we will proceed right now with the continuation of the hearing, and this time giving the proponents an opportunity to speak.

MR. D'EWART: Mr. Chairman, I have a photostatic copy of a letter addressed to the Secretary from Senator Payne of Maine. I would like to make it part of the record at this point.

MR. HUGHES: It will be so honored.

Who will be the first speaker then?

STATEMENT OF C. J. RITLAND, REPRESENTING THE WISCONSIN WOOL GROWERS ASSOCIATION

MR. RITLAND: I am C. J. Ritland from Eau Claire, Wisconsin, a wool producer representing myself as well as the Wisconsin Wool Growers Association in speaking for the assignment.

In Wisconsin we have a little less than 9,000 wool growers. Approximately 6,500 of those growers have consistently sold their wool on a consignment basis, with the majority of them taking an assignment. This repre-

sents approximately 75 percent of all the wool produced in Wisconsin.

We have a situation where our dairymen are just a little up against it because of the price situation and help situation. Naturally we are turning back to sheep. We have reduced our sheep population very much from 1942.

The logical thing now, and the thing we are doing, is going back into more sheep. If we can have an assignment of the incentive payment we will do the job faster and be in a better position to increase our sheep numbers, as is the intent of the bill as I understand it.

That is all.

MR. HUGHES: Thank you very much. Will you give us your name again, please?

MR. RITLAND: C. J. Ritland, Eau Claire, Wisconsin.

MR. HUGHES: Thank you.

Who will be next?

STATEMENT OF LEROY MOORE, ALCOVA, WYOMING, REPRESENTING THE MOORE INTERESTS

MR. MOORE: I am Leroy Moore of Alcova, Wyoming. I am a sheep grower and have been in the sheep business consistently for the past forty-eight years.

I am speaking in favor of the assignment of the incentive payment. I represent at the present time myself and also the Wyoming Cooperative Wool Marketing Association.

We think that the assignment feature of the 1954 wool bill is in the interests of the wool growers, and we are very hopeful that the final solution will be here in whipping out something that will go along with the assignment. We feel it will benefit all of the growers.

I also have a message from a banker which I would like to read into the record -- from a banker in our community who has been very prominent. It is addressed to Harry J. Livingston, President of the American Bankers Association, First National Bank Building, Chicago, Illinois.

> "We feel very definitely wool growers should be permitted to assign their incentive payment under the National Wool Act of 1954 to wool marketing agencies as well as to financial institutions. It is our belief that such permission will be of great assistance to the wool growers of Wisconsin."

It is signed by R. J. Pruet, President of the

American National Bank of Cheyenne, Wyoming.

As I said, as a grower I feel the incentive payments would be a distinct advantage to the wool growers, and I very much hope it can be worked out along those lines.

MR. HUGHES: Thank you, Mr. Moore.

Who wants to be next on the program?

STATEMENT OF EARL LINGER, ALAMOSA, COLORADO

MR. LINGER: Mr. Chairman, I am Earl Linger from Alamosa, Colorado. I am representing myself as a grower. The local sheep association, known as the Rio Grande Wool Growers, and also the Colorado Wool Marketing Association, are in favor of assignment of the incentive payments.

MR. HUGHES: Will you spell your name, please?

MR. LINGER: L-i-n-g-e-r.

MR. HUGHES: Thank you.

Who wants to be heard next?

STATEMENT OF NORMAN WINDER, REPRESENTING THE COLORADO WOOL GROWERS ASSOCIATION

MR. WINDER: Mr. Chairman, it does not look like there is anybody else left but me. My name is Norman Winder, 467 Franklin Street, Denver. I own and operate a sheep ranch at Craig, Colorado. I have been requested by the Colorado Wool Growers Association officers and

directors to present their position with respect to the assignment of incentive payments.

I would like to read into the record from a copy of a letter addressed to the Honorable Ezra Taft Benson, Secretary of Agriculture, as follows:

> "I hereby certify the following to be a true and exact copy of a resolution passed unanimously at a board of directors meeting of the Colorado Wool Growers Association held January 17, 1955, in Denver, with regard to the National Wool Act of 1954.
>
> "RESOLVED: That the Colorado Wool Growers Association recommend to the Secretary of Agriculture that firms engaged in the handling of wool on consignment be authorized to accept assignment of the incentive payments by wool growers legally entitled to receive said incentive payments; acceptance of the assignment should also apply to normal banking and financing institutions."

I think, Mr. Chairman, that states the position of the Colorado Wool Growers Association.

I would like to present a few views of my own with

regard to the assignment of incentive payments. Perhaps I am in a rather peculiar situation from other wool growers.

In addition to owning and operating a sheep ranch I am also president of a wool warehouse at Craig, Colorado, which for the past four years has marketed wool. That is, they have taken wool on consignment for marketing. Recently those facilities were leased to a Boston wool firm, Draper and Company. I want it to show in the record, Mr. Chairman, that I am in no wise speaking for Draper and Company. I think I have perhaps been familiar with the sheep business in Colorado and adjoining States for quite a while. Personally I have never taken an advance on my wool, and I do not intend to, but I do know it is the normal practice for a great many wool growers to borrow money on their wool to finance their operations. Sometimes it is at the insistence of their other financing agents. Sometimes it is on their own wish.

It seems to me that the Secretary of Agriculture last fall established the value of our product on the average at 62 cents. Part of that will be as a cash receipt for the wool, and part of it -- it is anticipated

part of it will be in the form of an incentive payment. However, it could be there is no incentive payment if the price of wool goes up high enough.

Right there I think I must differ with the statement of the Boston wool trade, where they recommend that the assignment be kept separate from the wool transactions. Personally I do not think it is possible to keep it separate because if someone loaned money against the incentive payment alone and the price of wool went up to the point where no incentive payment would be made, then he would not be able to collect on his loan. I think it must be an integral part of the product, and I think the best way that the Government can help the sheep industry is to broaden their credit base.

If a person can borrow more on his wool for his operations with the assignment included, I don't see why any of us who may not want to take advantage of it should in any way attempt to restrict another producer who does want to take advantage of the assignment feature and borrow a little bit more money for his operations.

I don't know whether it was Mr. Anderson or Mr. Metcalfe who mentioned in their statement market manipulations. I can see a great danger that unless ample credit

is available for wool producers so that they can carry their wool themselves, that there could be market manipulations if a great volume of wool is forced onto the market at shearing time.

Further, I have heard several times in the last several months that neither the wool manufacturing industry nor the wool trade were sufficiently financed to lift the entire wool clip of this United States at shearing time. It seems to me we must make all allowances and all provisions for an orderly marketing over the entire period.

I think that is all I have to say, Mr. Chairman.

MR. HUGHES: Thank you, Mr. Winder.

Who next wants to be heard? I am always suspicious when there is deathly silence.

FURTHER STATEMENT OF J. A. SINNOTT,

GLENDALE, ARIZONA

MR. SINNOTT: I am J. A. Sinnott, from Glendale, Arizona. I have something here from the president of our Association which might be appropriate at this time.

MR. HUGHES: Whom do you represent?

MR. SINNOTT: Myself as a producer and the Arizona wool growers.

MR. HUGHES: And you wish to speak on behalf of the assignment?

MR. SINNOTT: On behalf of the assignment program.

MR. HUGHES: Would you spell your name, please?

MR. SINNOTT: J. A. Sinnott -- S-i-n-n-o-t-t -- Glendale, Arizona.

"ARIZONA WOOL GROWERS ASSOCIATION

14 EAST JEFFERSON STREET

PHOENIX, ARIZONA

8th February 1955

"Hon. Ezra T. Benson

Secretary of Agriculture,

Washington, D. C.

"Dear Sir:

"This letter is being addressed to you, to give you the benefit of our views in regard to the proposed assignment of Wool Payments under the new Wool Program.

"At the risk of boring you, we think that probably you might better understand our motives if we tell you something about this organization.

"The Arizona Wool Growers Association (an Arizona Corporation) was founded in 1886 and

has continually since that time represented a majority of the sheep raisers of this State. The association is, and always has been, essentially a State service organization, only persons actually engaged in the raising of sheep being entitled to membership. We have been a member association of the National Wool Growers Association for a longer period than a great many of the associations now making up its membership. From over a million head of sheep in the early 1900's the sheep population of this State has declined to some 90,000 breeding ewes in white ownership and 96% of these sheep are represented in today's membership in the association.

"The primary objectives of the organization were set forth in the Articles of Association adopted Oct. 1, 1886 as follows: 'to do all things proper and necessary for the protection of mutual interest and the advancement of the sheep industry in Arizona.' Those primary objectives have never been lost sight of.

"Under our articles of incorporation, we

are permitted to market wool co-operatively, and since the National Wool Marketing Corporation was organized, we have also been a member of that organization, each year marketing some wool for some of our members who would rather consign their wool than sell for cash at shearing time. Our operating funds are met by dues from our members and we are not dependent on the marketing of wool for our finances. It is in our function as a State wool growers association that we are writing this letter.

"The Arizona Wool Growers Association at its 68th consecutive Annual Meeting, at Flagstaff, Arizona, July 13, 1954, again reiterated its support of the legislation then pending in Congress and later enacted as the 'National Wool Act of 1954' believing that the regular mode of marketing wool through all existing channels would not be interfered with, and that lacking proper tariff protection, the new legislation presented the only means of remaining in business and perhaps increasing the production of wool, to the end that this country would not be totally

dependent upon foreign wools for military and civilian purposes. We also were under the impression that this was to be a program for the growers of wool.

"Now it appears that certain interests have opposed the assignment of the incentive payment that will be made to wool growers, and we have been informed that the instigators of this opposition are principally wool dealers and warehouse interests.

"It is the carefully considered view of the Board of Directors of this organization, that these incentive payments represent the grower's money, and that being the case, the grower should be able to assign this payment that will come to him sometime in 1956, to his bank or other lending agency, including any marketing agency that has or will advance money on the 1955 clip, at his own free will. We would of course qualify this by stating that this assignment should be subject to such conditions as your office may impose to assure yourself that these payments are used to carry out the objectives of the

'National Wool Act of 1954.'

"At a regular meeting of the Board of Directors of the Arizona Wool Growers Association, held in Phoenix, February 5th, the following reolution was unanimously passed:

> "'RESOLVED, That the action of the President of this Association at the Special meeting of the Executive Committee of the National Wool Growers Association in Denver, Colorado, on January 7th and 8th, 1955, and subsequent telegrams from officers of the association to the Secretary of Agriculture and our Congressional delegation concerning the assignability of the incentive payment, accurately reflects the views of the Arizona Wool Growers Association and are approved.'

"We hope that your decision will be to make these incentive payments assignable, as set forth in this letter.

"Yours very truly,

H. B. Embach, Secretary."

MR. HUGHES: Thank you very much.

MR. SINNOTT: I think that is all the time I want to take to bore you with my little statement, so I thank you very much.

MR. HUGHES: I would like at this time, ladies and gentlemen, to introduce to you the Under Secretary of Agriculture, Mr. True Morse. Will you stand so that they can take a look at you?

SECRETARY MORSE: I have just been trying to get here and sit in a while on these deliberations. We have been badly tied down on the Hill with testimony again this morning. I do not want to interrupt the proceedings, but I wanted to sit in and listen to some of the discussion, at least.

MR. HUGHES: Who next wants to be heard?

STATEMENT OF JOHN T. POOLE, REPRESENTING THE IDAHO WOOL MARKETING ASSOCIATION

MR. POOLE: Mr. Chairman, my name is John T. Poole and I would like to present further evidence for the record as this special delivery was handed to me just a few minutes ago.

This is from one of our Congressmen from Idaho, Gracie Pfost, asking that this letter be made a part of the record. In her statement she says:

"This is to request that the views of this organization be given full consideration at your meeting tomorrow."

Mr. Chairman, I think it is important that the provisions of this letter be made a part of this record, and if I may be permitted to do so I would appreciate it.

MR. HUGHES: Yes. Certainly.

MR. POOLE: This letter is addressed to the Department of Agriculture and is as follows:

"The Idaho Wool Marketing Association and Wool Producers Cooperative Marketing Organization, having as members no less than 1,100 wool producers of the State of Idaho, desiresto take this opportunity to put on record for its directors and members on the issue being heard by your Department on February 18, 1955, relative to the assignability of the incentive payments feature of the 1954 Wool Bill. Our Board of Directors representing the growers in the various areas of the State in the regular called meeting on February 2, 1955, adopted the following resolution:

"'As an association of wool producers we are on record as favoring the ability to assign the incentive payment which will be due producers of wool of the 1955 clip year and thereafter under the 1954 bill. We submit to you the following reasons for your consideration:

"'(a) First and foremost, to restrict the assignment will have a depressing effect upon the price of wool because of the lower loan value which will be then available;

"'(b) Unless the incentive payment is assignable we as producers will be damaged because of less money available for working capital and operating expenses;

"'(c) The depressing effect upon prices will place a larger burden on the incentive payments program by unduly burdening the Government with higher average incentive payment commitments;

"'(d) Opponents of the incentive payment feature cannot say that any one individual or group has an unfair privilege or advantage over

any other individual or group as assignment of equity has long been an established and accepted procedure of handling such transactions;

"'(e) The wool bill was designed to be of assistance to the wool producers of America. Our wool producers want the freedom of assignment and we feel it must not be the wool producer as such who wants the assignment prohibited.

"You impartial consideration to the above is earnestly solicited.

"The Idaho Wool Marketing Association."

It is signed by its Secretary, R. K. Arthur.

I thank you.

MR. HUGHES: Thank you, Mr. Poole. Will you give us a copy of the letter to be inserted in the record?

Who is next who wants to be heard?

STATEMENT OF ROY A. WARD, REPRESENTING THE PACIFIC WOOL GROWERS, PORTLAND WOOL TRADE ASSOCIATION

MR. WARD: If nobody wants to talk for the proponents, I am going to comment on Senator Metcalf'es document that he read this morning. I have looked it over at the noon hour. This is a proponent speaking in

favor of the assignment.

There is a little difference in the views I take of Mr. Metcalfe's statement, and I want to check them out with you here very briefly to see which one of us you think is correct.

On the matter of market manipulation, Mr. Winder touched on that. I don't believe there is any market manipulation possible one way or another. I don't think it can be proven. There is no pressure to sell the inventory, but there would be some pressure on the grower to sell for cash at shearing time if he had to, and it would deprive him of probably a chance at orderly marketing if he chose to do that, and that is certainly his privilege.

In No. 3 he mentions that the cash buyer cannot hedge his purchases if he wants to. For quite a while I have been, as some of you know, taking some issue with the wool futures exchange, and we are told that is a very fine place to hedge. A good many Boston firms at one time set up business on the basis of hedging their purchases. Whether or not it is, you can hedge them if you want to, and there was a time last June when you could hedge fine wools at $1.77 when the market was

$1.77 at the same time. Mr. Harris has a chart which shows that, and it was done by some marketing agency -- supposedly a good, old merchant of yesteryear in the wool market, as I am looking at one of them over there. We don't have many of them left. They are most of them order buyers. They don't buy until they have an order.

I have contacted about fifteen this past week, and there are very few willing to buy for stock. They want a sample and go out and get an order. So I believe he can hedge on that.

No. 5 is the matter of the dealer's inventory. They couldn't carry inventories because of the competitive advantage that would accrue to consignment handlers. Because no matter who owns them, they will be in competition with each other on the basis of who gets the most for them, and not who can sell them for the least. I think the record will show that, so I don't believe it is a valid objection, in my opinion.

He was correct about this assignment of liens. If a lienholder has a lien on the sheep and wool, he has on the assignment too, and there could be no assignment. I agree with him there.

On the mention made of guaranteed cooperative capital,

I can't understand what it means. If we don't have any and our capital is risk capital, then we lose it just as wool dealers do. It is the risk and we lose private capital, and don't borrow a penny from any Government bank or institution. We bank with the United States National Bank at Portland, Oregon. We have found it was just as advantageous to do business with the bankers cooperative as a private bank, and being in the city we preferred to do business with the private bank. It may be we will come back to the bank for cooperatives. Interest rates are comparable when you get the charges fixed up, and as far as I can see there is nothing guaranteed along the line.

With reference to my good friend Mr. Anderson's statement that no public funds -- he said something about public funds being given to the consignees and guaranteeing their advances. That is not quite correct, if I understand it. I believe that the incentive payment belongs to the grower. It is not public funds, but it is the grower's money. Any loan one gets from a bank, or co-op, or private bank, is all secured by wool warehouse receipts, and it is presumably good security. They are all on about the same basis.

I have heard it said in Boston they feared -- and I am speaking here my own opinion and I do not know what the opinion in Washington is -- that the banks and co-operatives might lend them in advance 80 or 90 percent, and I don't think their rate on advance ought to be much higher than a bank will make, but that is speculation on my part. But there is nothing guaranteed that I can see in the loans anywhere along the line. So we are all on the same footing there.

In closing I wish to make this statement which Mr. Winder touched upon. Those who are here favoring the permission for assignments are not trying to impose their will on anybody. They ask to be allowed to do what they want with it. They say they should have the privilege of free choice. But those who are opposing this seem to wish to impose their will on the other group and say, "You can't do this because we don't think it is good for you." I don't think that is quite the right view to take of it. I think they should take the same view the proponents do; that it is up to the wool grower. He does not have to assign any payment if he does not want to.

MR. HUGHES: For the remainder of the time allotted

to the proponents, will you please confine your remarks to a statement regarding the issues we are trying to discuss now? I think in fairness to both sides we should limit any rebuttal at this time to the period set aside for it.

Who wants to be heard next? We want to be strictly fair in this matter and we do not think we want to open this up yet for rebuttal. It has been suggested here in order to be strictly fair we might take one rebuttal from the other side and then proceed with it the way it was laid out.

MR. METCALFE: We are not going to raise a point about that.

MR. ANDERSON: I have some answers to give and I would rather wait until the rebuttal period.

MR. HUGHES: All right. We have twenty to twenty-five minutes yet of the time that was allotted. I do not want to run this in an air-tight way and I want to allow you a maximum amount of freedom, but I do want to keep order in the meeting. So if there is someone who wishes to make a statement or read a statement, or a letter, we would be glad to have you appear on the program at this time as a proponent of the assignment of the payment to marketing

agencies. We do not want to open up any other issues, or 708, because we will be here another day yet.

FURTHER STATEMENT OF RAY GRESS, REPRESENTING THE NORTH DAKOTA WOOL GROWERS

MR. GRESS: Mr. Chairman, I am Ray Gress of Dickinson, North Dakota, and spoke once this morning, but since there is so much time left and nobody wants to say anything, maybe I can say something.

MR. HUGHES: Yes. Certainly.

MR. GRESS: That might be interesting to all of the people. We cannot go into the wool trade now, but I want to go back to 1933, I believe it was. That is when this same thing happened that could happen now, because there is not enough money to raise this wool clip. We had to sell wool for seven cents a pound out there, and everybody did it. Some of the boys consigned at five cents a pound, and that is all they ever got for their wool.

Who knows, if the grower could not make this assignment and needs extra money, whether it would not force him to sell his wool again at maybe 20 cents a pound, and would force the market down.

We are not looking at anybody. We are just trying

to protect ourselves and the wool growers, but it all can happen. Therefore, why not be alert and have this extra capital, since it would be until 1956 until we can get it and use it in our operations.

I personally don't need an advance at the moment on my wool, but my people whom I represent -- a lot of them do, and need it. A lot of those people don't have a bank loan and they just want to operate on their present earnings or income that is right before them. I believe in all fairness the wool growers should have a right to do with their product what they want to do, and whichever does not can do as he pleases, because nobody is telling him what he is to do; but he has the privilege. Lord knows, only a few of them may do it, but it is there for them.

Thank you.

MR. HUGHES: Thank you very much.

It was indicated this morning you folks might want Mr. Lemmon to say a few words for you. Do you still want to speak?

MR. LEMMON: My thought was I would reserve my statement for rebuttal, so I would not have to take the time all over, Mr. Chairman.

MR. HUGHES: I see. Is there anyone else who wants to speak at this time? If not, we can revise our plans and cut the time down. Are you agreeable to that?

MR. D'EWART: How much time have the proponents used?

MR. HUGHES: Do you want to take forty minutes for the opponents of the issue and then have rebuttal after that? Do the opponents have further statements they wish to make at this time?

STATEMENT OF J. H. RICHARDS, REPRESENTING THE CHICAGO MIDWEST WOOL TRADE ASSOCIATION

MR. RICHARDS: Mr. Chairman, I would like to.

My name is J. H. Richards, 157 Federal Street, Boston, Massachusetts. I am a wool dealer. I also am president of the Chicago Midwest Wool Trade Association in Geneva, Illinois. When I was elected to that office I lived at Chicago and have recently moved my residence to Boston, which clears up that point.

Our Association is made up of firms and individuals located in Illinois, Iowa, Missouri, Indiana, Michigan, Tennessee, Kentucky, Wisconsin and Nebraska, who buy wool for spot cash from the small flock producers in these and

adjoining States.

To show the scope of the business our Association does, I would like to read some figures which we filed with the Department February 8, 1950. These figures would indicate there are several growers who use the spot cash market in preference to consigning. These figures were compiled from sixteen replies from twenty-two members of our Association who were canvassed. They include 1943 to 1949, inclusive.

The weighted average of the number of producers for those years is 102,000 individuals per year, with a total weight of 17,452,576; or an average of roughly 170 pounds of wool per producer.

The figures filed for 1954 compiled in 1949, and used as testimony before the Committee on Agriculture in the House of Representatives, 83rd Congress, on H. R. 775, March 4 and 5, 1954, indicate that the number of sheep shorn, under 25 sheep per farm, came from 170,912 farms in the United States. That gives you an idea of the scope of the business our Association members do. It would quite clearly indicate there are several growers who use a spot cash market in preference to consigning their wool.

I would like to read a letter which has been sent to the Director of the Livestock and Dairy Division on the subject:

"Dear Sir:

"Replying to your letter of invitation to attend hearings at Washington, D. C., February 18, we wish to file on behalf of our Association the following statement:

"The Chicago Midwest Wool Trade Association at its annual meeting held January 20, 1955, in Chicago, voted to recommend to the Department of Agriculture that rigid rules be made to require complete separation of wool sale transactions from assignment transactions. If necessary for the producer to obtain additional financing through the assignments of their incentive payments, that the financing be permitted only through banks financing the producers' sheep."

So that is our position on the thing and we are fully in accord with the statements read by Mr. Metcalfe and by the Boston Wool Trade.

I thank you.

MR. HUGHES: Thank you, Mr. Richards.

Who else would like to be heard against this issue?

STATEMENT OF LEONARD HAY, REPRESENTING

THE WYOMING WOOL GROWERS

MR. HAY: Mr. Chairman, my name is Leonard Hay of Rock Springs, Wyoming. I am president of the Wyoming Wool Growers Association..

I do not think it is necessary to put this in the record, but I am a part-owner of a warehouse.

To clarify my position in the warehouse situation, eight growers built this warehouse, and it was completed this spring. We had wool lift to go under the 1954 program. The Department at this later date could not see their way clear to license us as a wool handler under this program. So in order to put this wool in the 1954 program -- the clean-up wool -- we had to turn the warehouse over to a Boston wool handler for merely the wool that must go into this program in the clean-up of this year that we could not get approved for ourselves.

Gentlemen, I am in full accord with the statement read by Mr. Metcalfe; and the growers of the State of Wyoming, whom we have polled very conclusively, are in full accord with the stand their Wyoming officers have

taken at this meeting.

I want to go into one or two items here very briefly. The whole purpose of the new Wool Act, or one of the main purposes, is to increase the production of wool to 300,000,000 pounds, and to get wool out of storage, and out of the Government paying rent on it, and into the open, free market.

Gentlemen, the far-reaching results of this assignment I am very, very apprehensive of. Just to go into that one matter: In the first place, we are sitting in a world that is full of wool. It is not only our domestic wool that we are worried about. We produce 229,000,000 pounds and we consume 600,000,000 pounds. Gentlemen, if you force actually the person whom we as growers -- and I maky my living growing wool and it is not my main livelihood -- if I force the domestic manufacturer, who is my only ultimate choice I can turn to consume and grind up my wool -- if I force that gentleman to advance five to ten cents a pound to compete with the warehousemen, the middlemen or wool dealers, or whatever they might be, who have the assignment of the incentive payment, to buy my wool to manufacture cloth -- and that is his main concern, manufacturing cloth and putting it into the

finished product -- if I force this man to do this, this man will not buy domestic wool but he will buy foreign wool. That to me is basic in this whole matter -- to have the healthy wool market and to have a healthy sheep-growing industry.

Gentlemen, to do that we have got to take wool off the sheep's back and get it into production.

There is one thing I want to bring up. We are using 600,000,000 pounds of wool, and there is money enough to pick up that much wool foreign and domestic. There is no question in my mind but what if we make this thing workable the money will be available to buy the domestic.

I wish to put a statement on record. A lot of it is in the statement already submitted by Mr. Metcalfe. I want to read a telegram that I received this morning from the State of Nevada.

> "Wool Program -- We feel that it should be optional with the wool growers to sell or consign his wool. Government incentive payment should come direct to the grower.
>
> "B. H. Robison, President, Nevada Wool Growers Association."

That State was not on the first list. I want to

file my statement.

MR. HUGHES: Thank you, Mr. Hay. Do you have your statement with you?

MR. HAY: Yes, I have it, and I will give it to you.

MR. HUGHES: I wish you would file it before you leave. We are asking that the statements be filed by Monday night.

MR. HAY: Yes, I have it here.

FURTHER STATEMENT OF PENROSE B. METCALFE, REPRESENTING THE TEXAS SHEEP AND GOAT RAISERS ASSOCIATION; CALIFORNIA WOOL GROWERS ASSOCIATION.

MR. METCALFE: I have a statement here which was given to me by the President of the California Wool Growers Association, Lloyd Avilla, who was here in Washington yesterday and had to leave last night. He left this with me to file in addition to the statement we filed this morning, and I think I should read this in.

"Washington, D. C.

Feb. 17, 1955

"As President of the California Wool Growers Association, I made a careful and extensive check of the sentiment of the members

of our Association throughout the State of California, in order to determine their position relative to the assignment of incentive payments under the provisions of the National Wool Act of 1954.

"At all the meetings that were held the growers voted unanimously against the assignment of incentive payments. These meetings were attended by small, medium and large growers.

"The final meeting held was one of the Board of Directors of the Association. They also voted unanimously against assignment of incentive payments.

"/s/ Lloyd Avilla
President, California Wool
Growers Association.

"Witness:
/s/ J. B. McCord."

MR. HUGHES: Who else wants to be heard at this time?

STATEMENT OF JOHN NOH, REPRESENTING THE IDAHO WOOL GROWERS ASSOCIATION

MR. NOH: I am John Noh, President of the Idaho Wool Growers Association, Kimberly, Idaho.

After the controversy came up over whether the assignment of the wool incentive payments should be allowed or not, our Association made as good a poll of their membership as they could. I will say frankly it was not complete. It was impossible. So rather than saying flatly, like some of the members or people here have made statements before -- I cannot say it flatly that I speak for 7,000 or 11,000 members, because that would not be truthful. I can only speak for the members of the Idaho Wool Growers Association whom we polled and who were unanimous in three separate meetings which we held, which was probably one-half of our total membership.

After both sides of this case were explained to them very carefully, and they recognized that there might be two sides to the question, they unanimously decided against going on record as favoring assignment.

The Idaho Wool Growers Association subscribed to the full statement as read by Mr. Metcalfe this morning. In addition, I want to emphasize one thing that our growers were very concerned about. That is all of the troubles, or most of the troubles at least that have

arisen in the past in the wool growing business not only to wool growers, but to wool handlers and wool cooperatives, have come from over-advancing on wool. They didn't lose money on storage, and they didn't lose money on interest, but they lost their money on over-advancing on wool, I should say. Not advancing on wool, but over-advancing on wool.

The most recent large case of that was the loans made by the Government on wool which was strictly an advance on wool through a loan. You all know what happened to that by over-advancing. We have or will have probably 150,000,000 pounds hanging over our market due to over-advancing on wool.

We are very concerned that if assignments are allowed and the wool market should happen to be in a depressed state at the time of shearing, or we think it is a distressed state at the time of shearing -- as one man brought out, we may be offered 20 cents for this wool -- I can see where an advance on the incentive payment might force most of the wool into storage in the hands of handlers, and at the time of shearing we may think we are being offered a pretty low prices by cash buyers, but after that wool goes into storage and the control

of the sale of it is out of the hands of the producers and in the hands of the handlers. Inasmuch as a great deal of our wool is imported anyway, the wool trade and the wool manufacturers could be inclined to buy foreign wool, knowing that eventually they were going to be able to pick up the stored wool in the hands of the handlers with advances on it, because the handlers are vulnerable. They have to sell this wool to get the incentive payment.

In the last part of the marketing season they could very well come in and offer such a low price for the stored wool, knowing that there was this insurance of the assignment of the wool payments to hedge on it, that they could depress the complete wool market; with the effect that the Government after this year would not be able to pick up the check and the whole wool incentive payments could be destroyed in one year.

The handlers of wool, whether they be a co-op or a private handler, if they have the advance, will be carrying the load. I want you gentlemen to know they will be vulnerable. It could have a very depressing effect on the overall wool market.

MR. HUGHES: Thank you, Mr. Noh. We still have

about fifteen or twenty minutes left.

STATEMENT OF HARRY J. DEVEREAUX, REPRESENTING THE WESTERN SOUTH DAKOTA SHEEP GROWERS ASSOCIATION

MR. DEVEREAUX: I am Harry Devereaux of Rapid City, South Dakota.

MR. HUGHES: Would you spell your name, please?

MR. DEVEREAUX: D-e-v-e-r-e-a-u-x.

I am Secretary of the Western South Dakota Sheep Growers Association and would request that the reporter change the name that is subscribed to the statement Mr. Metcalfe submitted to conform with the name I have just given you.

I and my family have been in the sheep business for some forty years in Northwestern South Dakota. We run a sizable outfit for that area and have been reasonably successful in our operations. Our Association and myself personally want to subscribe to the statement Mr. Metcalfe submitted.

Prior to attending the meeting that has been referred to in Denver, the Executive Committee of our Association met to discuss the assignability of incentive payments, and out of fifteen members present, twelve were

favorable to non-assignability, and three of the directors thought it might be all right if they were assignable. But by the predominance of the numbers I was instructed to take the position that the Association by a large majority thought it best not to make the incentive payments assignable.

I think I should follow up what Mr. Noh said. We are fearful of what might happen providing over-advances were made.

Along that line we respectfully request that the Secretary of Agriculture inquire into the authenticity of numerous reports that within recent years some of the present advocates of assignability of incentive payments lost very substantial sums of money in purchasing wool by having the wool fall on them through over-advances, and using up capital funds that belonged to grower members, and Federal funds, or funds which were borrowed from agencies of the Federal Government.

If these reports are true, then it would appear that the Secretary should find that it is not in the best interests of the growers, nor the wool program, to permit assignments of incentive payments to be used to recoup losses either through speculation or through

profits derived from handling and through the earnings and interest charges.

In 1951, as you well know, there was a wave of early contracting. In our area and many of the Western States great tonnages of wool were contracted. In some instances considerable profits were made, and in other instances the losses were terrific. I would call your attention to the possibility of that happening again, and again suggest that investigation of these rumors be made, and that consideration be given to the possibility of speculation by reason of assignment of incentive payments, which would pick up small losses, and that that be looked into.

We are against the assignability of the incentive payments.

MR. HUGHES: Thank you, Mr. Devereaux. Is there anyone else who has a statement to make? We have a few more minutes.

STATEMENT OF RICHARD W. WELLS, REPRESENTING THE PHILADELPHIA WOOL AND TEXTILE ASSOCIATION

MR. WELLS: Mr. Chairman, my name is Richard W. Wells. I am President of the Philadelphia Wool and

Textile Association.

I have been in the wool business for forty years. To me this is the finest wool bill that has ever been presented to the growers. I am here only with that interest in mind. I heartily endorse the Boston Wool Trade's point of view.

MR. HUGHES: Thank you, Mr. Wells.

STATEMENT OF R. W. HODGE, REPRESENTING THE TEXAS SHEEP AND GOAT RAISERS ASSOCIATION AND THE NEW MEXICO WOOL GROWERS

MR. HODGE: Mr. Chairman, I am R. W. Hodge, President of the Texas Sheep and Goat Raisers Association. Of course, I want to endorse the statement made earlier by Mr. Penrose Metcalfe. I think everything he brought out truly represents our feelings on this matter.

I would also like to point out that our interests in this matter are wholly from the standpoint of the grower.

The statement has been made that this is a fight between the Boston wool trade and the National Wool Marketing Corporation. Personally I do not subscribe to that thought. We feel both of those organizations are perfectly capable and do take care of themselves, and

any benefit that they might get from help from the growers and from our particular standpoint is certainly incidental.

By the same token we are not fighting consignment houses or cooperative organizations by taking the position that we do not feel assignments should be permitted. I would like to point out in Texas our wool is handled almost entirely by private warehouses. A big majority of these warehouses also finance the growers. In making the recommendation which we have made that assignments of incentive payments be prohibited, we are also recommending that it be prohibited to those warehouses also in Texas, and we depend upon those warehouses to collect the dues to run our Texas Sheep and Goat Raisers Association.

We are not asking for any benefits for ourselves, or any favoritism to be shown to us. But by the same token we do not feel that the Department should show any favoritism toward cooperative organizations or any one type of wool handler or buyer over another.

I would also like to state that Mr. Floyd Lee of the New Mexico Association asked me to represent their organization here. We attended a meeting of the New

Mexico growers, and they unanimously opposed the assignment of incentive payments to anyone.

Thank you.

MR. HUGHES: Thank you, Mr. Hodge. Does anyone else want to make a statement?

STATEMENT OF HAROLD JOSENDAL, REPRESENTING THE WYOMING WOOL GROWERS ASSOCIATION

MR. JOSENDAL: Mr. Chairman, my name is Harold Josendal of Casper, Wyoming. I am a wool grower and former President of the Wyoming Wool Growers Association, but I speak for myself. Mr. Hay already spoke for our Association.

First I would like to endorse the statement made by Mr. Metcalfe this morning and say we subscribe in full to that. I think one thing should be mentioned in this connection. That is, the essential point here is the financing of the grower. Whether it is necessary for the marketing agency to finance him in the purchase of the wool and make an advance and probably an over-advance on the wool through the assignment of the payment, or whether he should finance it in some other way; but I think we should point out any bank or lending institution in making a loan to the farmers or ranchers

as the case may be, is not looking at just the sheep operation. They are, of course, in the West, where some of us have all of our livelihood from sheep, but they don't look at the wool only, but look at the entire picture of the entire operation; whether it be partly farming or partly lambs, or partly wool, and they are not going to finance the grower and carry him just on the basis of the wool only. They are looking at the entire picture.

These Western banks I think are in a position to carry the grower for whatever time is necessary. They have indicated to Mr. Hay and myself, both through letters and in personal conversation, the great majority of them, that do most of the livestock financing, that they are willing to carry the growers through -- and if market conditions are such at the time of shearing that there is not an active real market and it will contribute to the orderly marketing of the wool, to carry that wool for a few months, then they are perfectly willing to carry the grower along on his operating expenses until such time as there is a sufficient market to sell on the regular free, open market.

Thank you.

MR. HUGHES: Thank you, Mr. Josendal.

Has everyone been heard? Anyone else?

MR. JOSENDAL: Mr. Chairman, Might I supplement my statement a little bit there? I neglected to say in contacting our financial and lending institutions they also said they did not feel it necessary to have the assignment in order to carry the grower to them. If they had it, it would be nice, but if they did not have it they felt they were amply protected in their mortgages already existing on the sheep through provisions for them, and certainly any customer they had who they felt would not give any part of the incentive payment that might be due them at the time the payment came to him, they didn't intend to do business with him; that they thought they had a good class of customers and they had confidence in their customers and they didn't necessarily have to have an assignment; that they felt amply protected.

Thank you.

MR. HUGHES: Thank you very much.

STATEMENT OF DON E. CROULEY, REPRESENTING THE N.W. NATIONAL BANK, MINNEAPOLIS, MINN.; LIVESTOCK COMMITTEE; AMERICAN BANKERS ASSOCIATION

MR. CROULEY: The American Bankers Association has been asked to submit a statement, and that has been done. For the interests of those here who wish to know our views in the matter, I would like to read this for the record:

"The American Bankers Association realizes that permission to assign or not to assign incentive wool payments is a highly controversial subject. If such assignments are to be permitted we believe that in order for the 1954 Wool Act to benefit the grower only, as apparently is intended, such assignment should be given only to the lending institution which finances the sheep operation of the grower involved. Whether the assignment of incentive payments is permitted or not, banks will continue to finance the production and marketing of wool."

Thank you.

MR. HUGHES: Thank you very much, Mr. Crouley.

Is there anyone else? Have all the opponents been heard? If so, I would like to suggest we recess for a few minutes before we go into rebuttal. Can we all be back here in ten minutes?

(Whereupon a recess was had.)

MR. HUGHES: May we come to order, ladies and gentlemen? There are some folks in the audience who are trying to catch planes and trains, and I think it is desirable that we get going as quickly as possible. It has been suggested we allow up to a half an hour for rebuttal. It would be nice if we could get it over before that. We will allow a half an hour for each side. It is now approximately 3:30 and that would get the meeting over by 4:30.

We will start out with the rebuttal with a half an hour for the proponents of the assignment of the payment to marketing agencies.

FURTHER STATEMENT OF NORMAN WINDER, REPRESENTING THE COLORADO WOOL GROWERS ASSOCIATION

MR. WINDER: Mr. Chairman, may I make just a short statement, please? It certainly appears there is a very great difference of opinion both from the standpoint of the producers among the marketing element and I think to some extent in the minds of many of the banking and loaning agents.

It seems to me that somebody here ought to be smart

enough to come up with a proposal, a compromise proposal that everybody can agree upon. I am not that smart, Mr. Chairman, but I was in hopes that somebody here during the course of this meeting might be smart enough to come up with some kind of a compromise so that everybody could agree upon it.

MR. HUGHES: We would feel more comfortable if you had looked in the other direction as you said it.

Thank you, Mr. Winder.

FURTHER STATEMENT OF LE ROY GETTING, REPRESENTING THE IOWA FARM BUREAU, IOWA SHEEP AND WOOL GROWERS CO-OP, NATIONAL WOOL MARKETING CORPORATION

MR. GETTING: I would like to comment briefly and then I will have to leave, in respect to some of the questions that have been thrown out. We should probably take time a little bit on them and not the way they have been tossed out.

There is one which has been raised in regard to the surplus problem and the accumulation of wool at the end of the year. If we have the incentive payments there on a voluntary basis, there is no urgent need to move it. We as growers always have been and still are concerned

about the accumulation of wool at the shearing season. That is the one we are definitely aware of. It has been in the past so far as the market value is concerned. We believe this assignment will work much to the benefit of moving this wool and taking care of the wool at shearing time.

The statement was made this morning in regard to the cash buyer having to change his normal procedures if the incentive payments were used and assigned. To me that is one of the things we ought to adjust ourselves to. I do not know what is normal times in the wool marketing program, if we have had them in the course of the last two years. But in any other business we have to adjust ourselves to the times, and I think we definitely need to do that in our wool marketing program. Whether it is a cash buyer or a marketing agency receiving wool on a consignment basis. We definitely have to be aware of that.

Statements have been made in regard to the losses that have been taken on consignments in the past. Nothing was said about the losses that were taken by the cash buyers in this readjustment period following the war. I think we need to think about both of those.

Certainly the grower when he consigns his wool realizes he has a part in that wool and a responsibility in it.

A statement was raised with respect to the willingness of the buyers to take on an inventory of wool if it was held and payments and assignment loans were made on it. I don't think the mills and wool buyers have taken on too big a supply in their inventory at any time over the past few years. At the same time we need to recognize that the value of the wool at the present as it has been in the past is its true relative value in relation to imported wool. We in the marketing of our own wool are interested in this wool moving in value and in competition to this. I think it is part of the Wool Act rather than have the wool accumulate as it has been doing under the present loan programs we have.

Then the question was raised with regard to the lien and increase in the value of the mortgage. To me there just is not any question in respect to the value of that. It is certainly an increase on the assignment of the mortgage, but any mortgage in setting out there with this assured extra amount back there, is going to be looked upon as a valuable asset to that loan. It

might not be so true in times such as we have this year, which are a little bit on the optimistic side, but it is certainly going to be of value as we move through the course of years and might not be quite as optimistic as we are at the present time.

A statement was made in Mr. Metcalfe's statement I think at first in regard to the amount of cash and the willingness of the buyers to go into this program, and later they repudiated that statement by saying there is the intention on the part of the bankers and loaning agencies to advance all of the money they want for this purpose.

Also the question was raised in regard to the Department of Agriculture being a collecting agency; and the responsibility of this assignment in assuring that these payments would be made on the term of sixty days; and whether it was worth the value or not. We have acted under these programs under the Commodity Credit Corporation programs in the past, and we are operating on one now. This program is no different than the ones we have had in the past. We realize it is a part of our responsibility.

Then last I would like to say that no matter what

kind of a program we have, the grower is supposed to get the United States average price for his wool. To me and to the growers and producers in Iowa we feel we have a responsibility further than that to get all we can out of that wool rather than part of it having to come out of the Federal Treasury, which might be on a lower market if this assignment cannot be made. We feel that is a responsibility of ours and we feel that the wool trade and wool mills are in a position to take this on a stabilized market throughout the year, a part of this coming from the consuming mills and consuming public.

That is all I have to say. Thank you.

MR. HUGHES: Thank you very much.

Who wishes to be heard next?

FURTHER STATEMENT OF JAMES H. LEMMON, REPRESENTING THE NATIONAL WOOL MARKETING CORPORATION

MR. LEMMON: Mr. Chairman, my name is Jim Lemmon of Lemmon, Perkins County, South Dakota. I am talking as a sheep producer since the year 1913. I am also making my brief statement as President of the National Wool Marketing Corporation, which corporation is owned by

81,000 wool growers and producers. It is possibly one of the most democratic grass roots organizations known to us.

I qualify that by saying to you that if I were to go home to my little county of Perkins and in the caucus held in the next few weeks be defeated as a director of my State Association, I would immediately be disqualified as President of the National Wool Marketing Corporation.

Therefore I can emphasize the fact that we are entirely a community in the grass roots.

Before I go forward, I want to compliment you people for having delayed this decision until such time as you gave an opportunity for all segments of the industry to be heard. At first I was inclined to feel after all the discussions that we had had relative to the matter that it was an unnecessary loss of time and a waste and expense to delay. Now I realize when the final decision is made that the administration of the Act will be more efficient, better done, and be for the best interests of the grower, that the delay has been had until such time as this hearing could be held.

I arise with a considerable amount of humility

after hearing the many discussions on this question pro and con which, of course, naturally rather confused your thinking to some extent. If anything I want to say to my friends at the left from the Boston wool trade, and to my fellow wool growers out over the United States, that anything I say to them will not be in any way doubting their good intent or their integrity. Of course, naturally, the statements I make will be right.

In making that statement I want to say to the people that presented the document which was placed before you very ably by Mr. Metcalfe, that I want to make two corrections to which I am sure he will concede; but I didn't want to leave any misinterpretation of statements made on the record.

At No. 11 of his statement he says:

> "The proponents of assignments suggested that unless the Secretary permitted assignment of incentive payments, certain marketing agencies might fight the activation of Section 708 of the Wool Act."

Briefly, Mr. Metcalfe, from the very beginning, contrary to what may have been said, my organization

has voted -- not Jim Lemmon, but my organization has voted -- to support Section 708. They kindly granted to me at the first meeting the vice-chairmanship at that meeting, and they granted to me not later than last night the vice presidency of that organization.

Our organization has from the beginning supported this entire wool bill. The first action that was taken on that was, according to my memory, on February 11, 1954. Continuing on from that date at the many and numerous meetings we have had we have endorsed and supported the contention and statements that I will hereafter make, unanimously.

We have at numerous times had a difference of opinion, but during the course of the discussions the argument was that we had unanimous support of all the statements I am going to make hereafter, the last of them being at our annual meeting held at Phoenix, Arizona, in the month of November. Now we are holding our State meetings, and up to date every State meeting that has been held has unanimously endorsed the position we have taken.

Next: I have no criticism to make of the intent when they make the statement that a certain high per-

centage of the production of wool is such and such, and such and such. I lift in my hand this document which has been filed with you, in which there are five Associations signed to the document and a sixth one wired in. That leaves, I believe, six Associations which are members of the National Wool Growers Association which have not supported the document that is filed. In addition to that I write here on the edge that you have California, you have Idaho, you have western South Dakota and you have Wyoming here, which are of a divided opinion.

I don't think it is a matter of knowledge if this was submitted to all of the sheep growers in the State in each of those States, as to how their stand would be. None of us here could do anything but give our personal opinion.

I am of the personal opinion that there would be far over half of those growers who would support the position that we and I am now taking.

I am going back now to the basic principles. I think the thing we were supposed to be discussing almost in its entirety here today is what the effect of the permission to allow the assignment of the incentive pay-

ments for borrowing money would have on the wool grower. That is the only thing we are supposed to be discussing here today. Back of this there are just two basic philosophies. The first philosophy is our group who believe that by granting the assignment of the incentive payments that the price of wool will be maintained or even improved. The other group, in spite of their statements to the contrary, are basically interested in having the price of wool weakened and lowered.

I think they would not be very capable operators if they did not want to pursue the natural bents of a buyer with a design to buy at as low a price as he can. Therefore I have no criticism to make of the position they have taken. I have no quarrel on that position. I cannot see by any of the arguments that have been put forth here today that the denial of the right to assign the incentive payment could possibly do anything else but weaken the market. It is economic fact, and it is a basic theory of financing and a basic theory of exchanges, and I don't see how it could be otherwise. The entire controversy hinges on whether or not the grower will be permitted to assign his payment for

borrowed money. That is the entire controversy.

Second, if the grower is denied or prohibited from exercising his basic right to mortgage, give a lien, or assign his property to borrow money, which in many cases he badly needs in order to carry on his operations, he is denied a basic privilege which every grower should have. It seems we cannot possibly understand why under the present policies of the Administration and the present policies of free enterprise, why you could deny any grower the right to borrow on his incentive payments from any source, to whom and from whom he pleases. If you set up a rule prohibiting him -- and I have had quite a shock this morning -- if you set up a rule prohibiting him from borrowing his money through a person or organization of his selection, it can't be denied by any rule or any measure, that you have restricted competition for the loaning of money.

This is not marketing we are talking about. We are talking about borrowing money. If you set up a rule whereby the final payment for the incentive assignment is to be made to the grower and to the assignee, it is in my opinion an unbankable piece of paper. I don't see how in the world any money loaner would advance money

on that assignment all over the United States with 285,000 wool growers, and in my opinion it is an unbankable piece of paper.

It is not necessary for me to discuss the effect on prices of credit restriction. Everybody knows if you reduce or restrict credit it drives the prices down. Everybody knows if you expand or extend credit on any given commodity it drives that price up. So it is just a basic economic principle which cannot be possibly denied.

There is nothing, according to my interpretation of this order or this bill, to prohibit anyone in the trade, or anybody else who is in the speculative field, from loaning money on the incentive payments if they want to make the investment. I long ago have said to the Department that we were asking no special privilege. We were asking for nothing -- no advice of any kind. That we were expecting only to have the same treatment any other loan organization seems to have. Neither did we expect them to have the advantage of being singled out as the only ones who can loan the money. It is a restraint of trade. It is a denial of competition. You drive prices down because of that, and I can see no

possible reason why they should be allowed that special privilege.

Now as to the marketing. There are two methods of marketing. One is the direct sales; bought for the purpose of later sale. The other is by consignment. We have no quarrel about that. The direct sales are made to the wool trade, and it is a very necessary part of the wool marketing program.

The second class of marketing programs is the assignment to such as the Texas warehouses; to the Western warehouses, and the cooperatives. As far as I know the policy on sales is the same for one as the other. That is, we follow an orderly market and sale policy. We sell the wool when the demand develops, and at the market price as of that date. That has been a long-standing policy of the National Wool Marketing Corporation, and I have been affiliated with it from its beginning.

I think I would say there is no difference in the policy that will be adopted by the wool trade and the policy that they follow out. Some may get up and refute that statement by talking about these last years of the loan support program. That is a different program.

When the market in which we are selling that was lower than the amount of loan support prices, naturally you didn't sell the wool, but that was only since the loan support program was initiated as part of the law. There will possibly be according to the policies of the National Wool Marketing Corporation no plan of dumping or no plan of holding for higher prices. The plan will be to sell orderly throughout the year.

We already have given discussion to the amount of wool to be moved through any given month throughout the entire year and we have arranged financing from that angle. Therefore there is going to be no intention of holding for higher prices. I think any organization that would be foolish enough to hold for higher prices and take the chances that at the end of the marketing season, which is before April 1, 1956, we should have a dull market, then they would find themselves in the position of carrying wool over and their grower for whom it is intended that they get the highest price possible would not have any knowledge, and probably would be in a position of getting his incentive payments on a much lower level.

So I cannot conceive of either our organization or

any other doing it.

It is true in rare cases there will be an organization which might be poorly financed that would dump their wool, but that won't be in any great volume. You can be sure that no soundly financed organization is going to depart from the orderly marketing program that has been laid down.

There are things that have been said about violations. I can't conceive of there being any great number of violations. I think that has been mostly attributed to the area in which the smaller producers produce wool. First basically the handlers of wool, whether or not they be one of our organizations or some other, are intensely honest. Second, the grower himself is certainly going to know something about this program, because of information that is being disseminated through the radio, through the papers, through trade papers, through farm papers. He will be fully informed as to the rules and regulations under which he is marketing the wool and making his assignment. So there are going to be very few cases where there will be any violations. Even though in some isolated cases they might desire to violate the regulations governing the assignment of the

incentive payments, I think that they would hesitate to take the chance of a violation with the legal complications that they would walk into in doing it.

Basically the reason why there will be very few violations is the integrity of the man who is buying the wool or taking it under the consignment and the full knowledge of the grower as to what his rights are under the assignment of the incentive payment.

Now then I thought I should say just a few words as to why we supported the bill.

I don't need to go back and reiterate, because Mr. McConnell, the Assistant Secretary, at the opening of the meeting this morning testified that the assignment of the incentive payment could be made under certain conditions. On February 11, before I would go before our group and recommend that we support this bill, I took the occasion to determine whether or not this assignment of incentive payments could be made. Some of our group were doubtful about the advisability of supporting this bill. I might have been one of that group if I would have thought that the denial would be made of the assignment of the incentive payments for the restriction of credit, which I was sure would

depress the market -- and it will. I doubt if I would have gone before my group and recommended to them that they support the legislation for the assignment of that incentive payment, had not that taken place. Each of you will have your own opinion as to whether or not that bill could have been passed without our having given our support to it. We have reason to know that in the Senate Agriculture Committee enough of the Senators were with us, and enough of them would have said no if that could not have been assigned, and it could not have been gotten out of the Agriculture Committee. In fact, it was not the easiest thing to get it out of the committee anyway.

So that is the reason why we went behind and supported this.

I come back to my original statement, that if you deny this credit, or if you restrict this credit, in a restriction of credit you have ample history to tell you the loan rate is the thing that partially establishes the value of this loan. You reduce this loan rate, which would be the case if it is not permitted, and it will go down. If your loan rate is higher, it will work up. It is not necessary for me to cover what the basic

facts are about the assignment of the incentive payment. The incentive payment is 62 cents. We can loan money, or a bank can loan money, or anybody else who wants to loan money can loan money basing their loan rate on the 62-cent value. If that is denied, you do not know what your incentive payment is going to be. Mr. Winder pointed that out.

Unless you have the wool and the assignment of the incentive payment tied together, you naturally are going to have to play very safe on the loan rate you make on the wool itself. That is just the same thing as denying the incentive payment. I can't conceive of banks being very interested, or loan companies being very interested in making a loan on the incentive payment fifteen or eighteen months hence to be paid with no assurance at this time as to whether or not there will be an incentive payment, and knowing that there is even an incentive payment and that it will not be paid for fifteen to eighteen months after the date of the assignment.

Gentlemen, as I said, I speak with quite a little humility. I am positive no one here has the intent of misrepresentation. This is a very serious matter to the wool grower. I only hope we might get together. I

cannot understand what all the upset is about. Throughout all time it has been a principle that the owner of a product -- and this incentive payment is nothing more than a product -- has every right in the world to pledge his property to obtain money to carry on his operations. It is known that agriculture is having some troubles with depressed prices. It is known that the sheep men in this particular case are facing a real problem in excessive and fixed expenses. If you deny the right to these wool growers for whom this bill was written to borrow money on this incentive payment knowing that they can base their borrowing capacity on 62 cents for the wool, I suggest it is going to deny them that credit, and it is going to deny them that money which they badly need to carry on their operations in the year 1955. It simply is not conceivable that that should be denied.

It seems to me there has been a mountain made out of a molehill over here. I can't understand why, for example, warehouses in any area should object to this.

Coming back to marketing practices, I have no way of knowing what the policy of the Texas warehouses and Southwestern warehouses will be as to their sales. I

did have a talk with the Hafner warehouses at noon, and their thinking is directly in line with mine, and they are our competitors. Their thinking is they will order the marketing of wool throughout the year. They want the assignment of incentive payments so that they can go to their bank and obtain that money to give to the grower.

I think I have covered this at the moment. You get my viewpoint and I guess there is no doubt, Mr. Chairman, that I am for the assignment of the incentive payments to any legitimate agency who wishes to take money either out of their pocket or otherwise, to finance the wool grower under the incentive payment plan.

Thank you.

MR. HUGHES: Thank you, Mr. Lemmon.

In view of the fact that the time has expired that was allotted in rebuttal for the proponents on this issue, we will now take approximately the same amount of time for those that are against the assignment of payments.

Who wants to speak in rebuttal?

FURTHER STATEMENT OF JOHN NOH, REP-

RESENTING THE IDAHO WOOLGROWERS ASSOCIATION

MR. NOH: I am John Noh. Could I ask Mr. Lemmon a question I am confused on in his discussion here?

MR. HUGHES: Do you mind, Mr. Lemmon?

MR. LEMMON: No.

MR. HUGHES: All right.

MR. NOH: I understood Mr. Lemmon to say inasmuch as the Government was guaranteeing a price of 62 cents, I don't know whether he meant their organization or any organization would advance money on that basis.

MR. LEMMON: Sure.

MR. NOH: I understand that the normal lending value on wool is somewhere around 75 percent of the estimated value of wool in normal times. 75 percent of 62 cents is 48-½ cents per pound. Does our organization contemplate advancing 48-½ cents without assignment or with assignment -- either one?

MR. LEMMON: No. I will tell you this. First, you had better go to your banker, which we had to do, to find out how much we could advance. No. 1.

No. 2, he is not going to let us have 75 percent.

MR. NOH: What is the normal advance?

MR. LEMMON: About 60 percent to 65 percent.

MR. NOH: 60 to 65 percent?

MR. LEMMON: Yes.

MR. NOH: I understood that in normal times 75 percent was what it was, and there is where I was confused and I wanted that straightened out.

MR. LEMMON: Can I talk a little more?

MR. HUGHES: Yes.

MR. LEMMON: You see, there has been a lot of misrepresentation -- no, I don't like to use that word. There have been a lot of misstatements. I think honest misstatements. They have been statements like this: That the co-ops will get a tremendous volume of money under this program. I don't know that I should in proper ethics tell you why I know that is not so, but I can say to you that as far as our organization is concerned, I will not permit, unless the directors override me, a terrific expansion of our operations. I will not allow ourselves to put on the additional untrained personnel that will be necessary to handle a terrific increase in the volume of wool. In fact, I have already made that statement. I would not countenance, and I would disapprove of our organization borrowing money from our bank to take

on a large increase in volume, and I certainly would not want to allow the leasing of the additional warehouse space that would be necessary.

By the same token, our program is definitely established already toward the end, as I said a moment ago, of orderly selling, and selling throughout the year, so that we will not carry over a terrific volume of wool. Our financial program, and our budget, and everything we have done has been set up to that end. I will bet you that these two other co-ops, the Ohio and Pacific here, will say that that is their policy. They have no intention to grab off such an additional amount of wool. It is unsound.

I know some of the directors here will sustain that. So that is an answer to one of these statements.

MR. HUGHES: Thank you, Mr. Lemmon.

Mr. Metcalfe.

FURTHER STATEMENT BY PENROSE B. METCALFE, REPRESENTING THE TEXAS SHEEP AND GOAT RAISERS ASSOCIATION AND THE CALIFORNIA WOOL GROWERS ASSOCIATION

MR. METCALFE: Mr. Administrator, as far as I know, we growers who are opposed to the assignment of the in-

centive payments will stand on the record we submitted to you this morning and submit that in our opinion we think the record is the best rebuttal to the statements made by Mr. Lemmon.

MR. HUGHES: Thank you.

FURTHER STATEMENT OF HAROLD JOSENDAL, REPRESENTING THE WYOMING WOOL GROWERS ASSOCIATION

MR. JOSENDAL: I am Harold Josendal of Casper, Wyoming.

Mr. Chairman, I think there has been perhaps just a little bit of misunderstanding, or perhaps I may have misunderstood Mr. Lemmon in his statement that 62 cents is the price guaranteed by the Government. Of course, that is the average level price. However, as far as the individual is concerned, it is not necessarily that whatsoever, inasmuch as the payment will be based on a percentage basis of sale, and naturally the person with the better prepared and lighter shrinking and cleaner wools will get a higher price, whereas the person with the heavier wools will get a lower price. Any bank considering the assignment, should there be one, is certainly going to take that into account, that the assign-

ment is a pretty nebulous thing. It is decidedly indefinite to the close of the marketing year what the amount of the payment will be on the average -- what the average percentage would be; or, what the payment would be to the individual.

Frankly, I doubt whether even though the bank had an assignment that they would be able definitely to make a loan directly on that assignment, or to make a loan on that account. I think they will be taking into account, maybe watching the market trends, about what it could be, but they couldn't pin it down to any one individual's assignment.

MR. LEMMON: I am sorry if I didn't use the word average, Mr. Josendal. I intended to do that, and you know I know that. And you also know that I know that it would be differentiated according to the real value of the wool. The cheaper the wool that would be sold in our organization, the less the incentive payments would be that he would get.

MR. HUGHES: Thank you, Mr. Josendal.

Anyone else?

FURTHER STATEMENT OF GEORGE L. ANDERSON, REPRESENTING THE BOSTON WOOL TRADE ASSOCIATION

MR. ANDERSON: There have been a number of comments made at one time or another throughout the day that might well be reviewed a little more. In the first place, a number of speakers have in their statements used the term "dumping." Of course, we all know that is a very obnoxious term anyway. We don't like to think in terms of dumping any commodity.

I do want to call your attention, however, to the fact that in 1955 we are operating for the first time in domestic wool -- for the first time in twelve years -- on an entirely free and open market. The wool industry as a whole hails that situation, because it is a return to normal methods and sound methods, we hope. There is no dumping in the normal movement of wool throughout the year. Shearing is spread for nearly six months. We know there is wool shorn as early as January, and we know there is wool shorn as late as late June. Sometimes if they get into little difficulties with weather, or what not, it may run into July.

The marketing of wool throughout the years under open market conditions has seemed to fall into a pattern that has developed according to the conditions that exist at the time. There is always wool being consigned,

and there is always wool being sold for cash. The two things ought to seem to keep wool moving and keep it in balance, but I think everybody -- Members of Congress, Department officials who will have to have a hand in administering this Act, wool growers, wool dealers, processors and manufacturers -- would all be shocked if they believed that the return to open market selling means not a return to a dumping process, but an entrance into a dumping process. So I don't think that that word probably was used with all the implications that go with it, but I think since it was used it should be cleared up a little more.

The thought has been expressed that under this free and open market there is not going to be money enough to lift the clip. Well, that is a problem, and it should not be ignored. But the reason why it is a problem is in several years past the entire domestic clip has not moved into consumption currently. Some of it has gone into loan programs; and in earlier years it went into purchase programs. So that the consuming of wool fiber has not completed the distribution of the domestic wool clip.

In 1955 that has got to be done for this Act to

be operating as a benefit to the growers. So that is a problem.

I know I do not have money enough to buy all of the clip, and there is not any individual outfit in the business, from Mr. Lemmon's outfit down to me, that could undertake to handle the whole job. We all know that. Even if we had the money we couldn't do it. It has to be spread. The wool distributing operation involves a sufficient number of people so that with reasonable market conditions, and under sound marketing conditions, I do not think we should be concerned too much about there not being money enough to lift the clip.

It should not be forgotten that even last year when, especially in the worsted end of the business, manufacturing conditions were anything but happy, we consumed close to 300,000,000 clean pounds of wool. Let us call it 5 or 600,000,000 pounds of greasy wool. None of that wool was consumed that had not been bought and paid for. Nobody gives this wool to the manufacturers. They put their money up; and with manufacturing demand the money will be forthcoming. The normal buyers of wool still enjoy good credit and it was a wholesome

addition to the discussion at this hearing today to have our banking friends make the reassuring statement that they did. I think every one of us, growers, dealers, processors and manufacturers, can take some comfort from that statement.

I don't know about this guy always being right down here. He says I, as a wool dealer, am basically interested in operating in a weakening market. Oh, no. It is my job to knock the market down. Oh, no. That is not the way I live. I don't know when I ever made a dollar in a market that was going through a weakening process. I have been saved from losing it all, but I certainly never made any money under those conditions. We live by a firm and strong market. The level -- that is another story, but the level is not going to be determined by me and it is not going to be determined by the wool growers, and it is not going to be determined that Mr. Lemmon advances on this wool, but it is going to be determined by all of those factors that go to affect the price of a commodity like wool, which is sometimes referred to as one of the flexible commodities because the price of wool is subject to fluctuation due to the operation of many different kinds of forces.

So it is just as much to our interest to see a strong and firm market as it is to the growers and as it is to the manufacturers, because if the market is firm and if the market is strong, at whatever level it may exist, then there is business going on. Then people have the courage and the incentive to buy wool ahead; and manufacturers will lay in stocks of wool because they want to get their selection.

Then, when you get into a weakening market, that is not good for anybody, and it is just as bad for me and for other people in the wool distributing industry as it is for the growers or anybody else.

There have been a lot of interesting things said here today. It has been pointed out by many, many speakers, that the opportunity to obtain something -- and it is all pretty vague -- but to obtain something more than what would be advanced to a grower without the assignment of his incentive payment, is going to be of great value to the grower. Well, it could be; and, if it is, it ought to be provided for. I do want to call your attention, however, to the way this thing would set up. It is that it would be of value only to those growers who might consign their wool. I think the

figures in our statement that was presented this morning indicate that on the average, although it can vary greatly from year to year, depending on lots of factors, the wool that is consigned runs, let us say, 25 percent to 40 percent of the clip.

If this thing is of value, how are the growers who sell their wool outright going to have a piece of that value? I don't see that they are being considered at all. It is not there.

Some of my friends have said to me, do you think it is possible that these fellows down in Agriculture are trying to encourage the consignment of the entire clip so that there won't be any outright buying? Because that is the only way that the producers of the entire clip would fit in to whatever benefits there may be to them from the privilege of getting an advance on their incentive payments. Well, I just don't think that anybody is trying to induce the consignment of the entire clip. It would not be practical. We would never get the job done.

There are plenty of facilities to buy wool in the country, but there are much fewer facilities for handling in volume consigned wool; and that particularly applies

to the Midwestern States where, as Mr. Richards pointed out this morning, the clips are so small. The individual handling of such clips on consignment is way beyond the capacity of most regular wool dealers.

I would certainly hate to try to set up an organization building from the bottom to carry on that kind of an operation. I should be a little afraid as to what kind of a job I could do with it.

Your organization has been built up on that and it is built, and you are ready to do it. The average wool dealer could not do it.

That brings to my mind something that I think should be remembered; that this assignment feature really would only work in the case of the relatively small grower. Under this kind of an instrument, the one you have prepared today, it is a little better than the January 24th one, but I don't think it is so hot, Frank. Take a good-sized grower where his incentive payment is -- somebody was talking about 40 cents today. Suppose the grower had 100,000 pounds of wool. A 40-cent market would be somewhere around a 20-cent incentive payment. That is $20,000. How many wool growers are there who, if they had $20,000 of Government money coming in to

them, would give it away to somebody on this kind of a piece of paper? They wouldn't do it. Yet, if they insisted on a more adequate form of agreement the whole thing might fall to the ground, because the county committee would say, "Hey, you altered that. That's no good and we won't give you anything on it." So it would not be so good for the larger grower.

Then on the other side somebody commented this morning that in the Department of Commerce's Farm Census they report something over 170,000 farms in the United States with 25 sheep or less. In those cases the incentive payment is pretty small. Let's say maybe $10 -- $10 or $15. But the aggregate of those 170,000 farmers, plus the 50 or 60 that have, let us say, between 25 and 50 sheep -- the aggregate of those incentive payments is a big sum of money, and it might run up to several million dollars.

I just think in an operation by which several million dollars are going to be placed in the hands of consignees -- and I am not stressing Mr. Lemmon's organization as against any other organization -- to place that sum of money in the hands of consignees for distribution in small bits to these growers I think

calls for a far more protective form than the Department has yet devised. I just don't think it makes good sense to provide for that money to drift into the hands of the consignees and then drift out under any such vague and illusionary form as you have prepared here. I am sorry, gentlemen.

MR. LEMMON: Am I permitted to ask one question?

MR. HUGHES: Yes. Thank you.

MR. LEMMON: How do you arrive at 25 percent of your wool moved into cash by cash sales?

MR. ANDERSON: 25 percent moving by cash?

MR. LEMMON: Is that what you said?

MR. ANDERSON: No. The other way around -- 75 percent.

MR. LEMMON: I meant to say 75. How do you get that?

MR. ANDERSON: Well, I think I said 25 to 40 percent moving on consignment and the balance by cash sales. You fellows handle 25 percent of the clip and the other cooperatives and consignees handle another five or ten. Of course, that figure varies from year to year, Jim. We all know that.

MR. LEMMON: Yes.

MR. ANDERSON: And you could never pinpoint an exact figure. But I think for illustrative purposes it is fairly good as a general statement.

MR. LEMMON: You see, I was just sitting here thinking. I have no figures, but I think we use about 20 percent. Then the Pacific and Ohio and your Texas warehouses are of the same type. And your western warehouses are consignment warehouses.

MR. ANDERSON: Of course, you can get caught up on others, Jim, but I don't envisage the Texas warehouse operations strictly as a consignment operation. It is a little different. It is a Texas operation.

FURTHER STATEMENT OF LEONARD HAY, REPRESENTING THE WYOMING WOOL GROWERS

MR. HAY: Mr. Chairman, I would like to say one thing. Under the present draft of the new wool bill you are perfectly free to consign or sell. We have the precedent of no assignments in the Sugar Act. Before we permit assignments we should go into the overall outcome and the serious results that that could cause.

MR. LEMMON: My attorney here says to me I didn't make it clear that I thought that the buyer of wool could also loan on the assignment. Am I wrong, Frank?

MR. IMMASCHE: The buyer of wool could loan?

MR. LEMMON: If a fellow buys wool he could loan on the assignment. Is that correct?

MR. IMMASCHE: I think this provides he has to keep -- I don't see what the occasion would be for him to do it.

MR. LEMMON: Just if he wants some money.

MR. IMMASCHE: No.

MR. HUGHES: I have had a request at this end of the table that Mr. Crouley of the American Bankers Association read his statement and we will get some comments on it. I had hoped maybe we could reach some conclusion at this meeting, but I am not sure we are going to get there. I just wondered if that statement could be read again, and Mr. Lemmon and Mr. Anderson, if you would be kind enough to comment on it.

FURTHER STATEMENT OF DON E. CROULEY,
REPRESENTING THE LIVESTOCK COMMITTEE,
AMERICAN BANKERS ASSOCIATION

MR. CROULEY: "The American Bankers Association realizes permission to assign or not assign incentive wool payments is a highly controversial subject. If such assignments are to be per-

mitted we believe that in order for the 1954 National Wool Act to benefit the grower only, as apparently is intended, such assignment should be given only to the lending institution which finances the sheep operation of the grower involved. Whether the assignment of incentive payments is permitted or not, banks will continue to finance the production and marketing of wool."

MR. LEMMON: I would like to comment. It was such a shock to me I would like to sit down. It will be quite a little while before I can draw my breath. How a banking institution representing the banks of the United States -- because we know many, many, many of your members have wired and written us to the contrary -- could say to you gentlemen that in your discretion you should say that only they, and only regular loan organizations could loan -- why, if that is not restriction of competition then I don't know what all of these legal things are. I call it restraint of trade, or else I don't know what I am talking about.

MR. CROULEY: Mr. Chairman, I believe if we digest that a little further it would indicate that we are not

intending that only banks be permitted to accept assignments.

"... such assignment should be given only to the lending institution which finances the sheep operation of the grower involved."

That would mean PCA's or any lending organization. Even co-ops, if they are financing the grower involved.

MR. LEMMON: Let's be sure of that interpretation. One of my constituents told me I was wrong. Do you mean that the Ohio or National Associations who are financing agencies and have been doing this business could still loan on that? Is that what you mean?

MR. CROULEY: That's what it says.

MR. LEMMON: Okay. Thank you. That's all I want.

MR. ANDERSON: That reads that they could do that only if they are financing the sheep operations.

MR. CROULEY: That's what it says.

MR. WINDER: May I ask a question, Mr. Chairman? I know of operators who only borrow money on their wool. They probably don't have a regular way of going through the banks and financing. The only loan they ever get is probably on their wool while it is being marketed, or probably they will get or contract what tax liens

they have and get an advance on them to tide them through.

I am wondering whether the Banking Association means that in this instance they should be permitted to make loans on the assignment.

MR. CROULEY: That is the statement, sir.

MR. WINDER: May I ask another question? I would like to have them cleared up. I think it would add a lot.

What do they mean here?

"Banks will continue to finance the production and marketing of wool."

I can remember not too many years ago when banks discontinued the production and marketing of wool and the old RACC came into effect.

MR. CROULEY: This is 1955, sir. I don't think anybody can cross that. Maybe banks have done certain things in the past, and maybe other organizations have too. It has been in the Livestock Committee that banks are willing and will be willing in the future to finance not only wool, but livestock or any other commodity.

MR. WINDER: That is very encouraging to me.

MR. NOH: I have a question I would like to ask

Mr. Frank Immasche. That is, if assignments are allowed, how complicated or more complicated would become the work of the Department to scrutinize all of the loans and the advances on the loans. Would that involve considerably more work on the Department's part so that there is no malpractice in this?

MR. IMMASCHE: John, the way this was drawn up, this form would be filed with the county ASC office. Just the same as you file a mortgage with your County Recorder. But the arrangement is between the grower and the assignee. The grower would elect as to whether the draft would be made out jointly to the grower and the assignee, or whether it would be made out to the assignee for his account.

There is provision on there that the assignee would make a full accounting back to the grower within sixty days. I think that the grower is going -- I would assume he would be self-policing on that -- he is going to know whether his marketing agency or his banker made an accounting to him within sixty more days. We could get into it further, and we could get into auditing, and so on, but it was not contemplated that we do that. I am not sure under the requirements whether we would have to,

but it was not our assumption we would have to.

MR. HUGHES: I would like to call on Mr. Anderson, or someone from the wool trade, to comment on Mr. Crouley's proposal from the American Bankers Association.

FURTHER STATEMENT OF GEORGE L. ANDERSON, REPRESENTING THE BOSTON WOOL TRADE ASSOCIATION

MR. ANDERSON: Of course, it is generally in line with our thinking that the danger to the free operation of an open wool market of having tie-in transactions between the assignment, advance, or whatever extent it may be there, and the wool transaction, would be completely avoided by carrying out the recommendation of the American Bankers Association. I still feel, even after Mr. Lemmon's masterful presentation this afternoon -- and I want to compliment him very highly --

MR. LEMMON: Thank you.

MR. ANDERSON: -- as J. Dings complimented me on what I presented this morning and said when he finished, "But I don't believe a word of it." But I do feel that so far as its effect on the marketing of wool is concerned it will prove to be very detrimental. I don't like to put myself in the position of trying to solve

the wool growers' problems. I am not good enough for that. All I am is a peddler and they have a lot of problems. But I have had my finger on the pulse of wool marketing for a good many years. I sometimes have read the pulse correctly, and sometimes not. But every time I have failed to read it correctly I have learned a little something.

I am firmly convinced that an influence of this kind in the consignee-consignor relationships constitutes a danger to the open marketing of wool; more probably so than any of us can visualize now because it is a brand-new feature. It is a new proposal and there has been no experience on it. I think for that reason it is difficult to use the experience of the past as a guide to what may take place there.

I think the bankers have made a sound contribution by their suggestion and recommendation.

MR. HUGHES: Thank you very much.

Mr. Lemmon.

FURTHER STATEMENT OF JAMES H. LEMMON, REPRESENTING THE NATIONAL WOOL MARKETING CORPORATION

MR. LEMMON: I just want to say to George, God

knows I wish I were a peddler and not a representative of the Association. I would sleep better nights, George. I am still pursuing that Mr. Crouley.

Suppose we do, and we do it every day, finance advances to help their expenses. The banks give us releases permitting us to do it. The loan companies give us releases permitting us to do it. Through the years, and all through the years, we have done that. We loan money for freight, or for any other expenses they might have in sending their wool to market. We have done that all through the years ever since we have existed. Would that be financing then under your resolution?

MR. CROULEY: I would like to have my associate, Mr. Burch, answer that question. He is from Denver.

STATEMENT OF LEONARD BURCH, REPRESENTING THE AMERICAN BANKERS ASSOCIATION

MR. BURCH: Under the terms of the statement we made I don't think that that would be considered financing the sheep grower. That would be considered primarily financing in connection with the marketing of the wool after it has been removed from the sheep's back. There are two different functions being served there, and the American Bankers Association attempted here this morning

in this statement to reflect the thinking of the majority.

Certainly you are right, Jim. There are bankers in this country who are very much in favor of having this assignment privilege. There are other bankers who are sort of neutral. They don't care much one way or another. There are quite a number of bankers -- and I should say in our opinion an equal number -- who are very much opposed to the assignment of incentive payments. But way through and all through the showing that was made by bankers in this country there was that underlying fundamental faith and confidence on the part of the bankers in their sheep grower customers -- those customers who merit credit.

There is no lack of money in the banks, and no lack of confidence in the industry, and there is no lack of anything that concerns credit, whether this incentive payment is assignable or not.

Actually, Jim -- and you know it as well as I do -- the whole business of any marketing agency, in financing the marketing of that wool, is an encroachment upon the function of banking. The bankers themselves supply their own competitor with the moneys they are using in

that marketing. That process goes on by and with the consent of the bankers of America. They are not complaining about it at all, but there are two views on that.

I am subordinate to my chairman here, Don Crouley, and I am going to digress for just one moment and speak just for myself alone, and not even for my bank, and certainly not for American bankers.

As a livestock loan banker I am perfectly willing to finance the wool clear to the time it is sold. The freight, the depreciating advance, and the advance. We would not make any advance on the wool itself because we are already advancing the cost of all the production of the wool. As a banker I think that is my job. I don't think it is the job of the National Wool Marketing Corporation, or anybody else, to do it. They don't have any greater obligation to do it than I have got to do it as a banker.

This last statement is my own personal opinion. I think I am not alone among bankers in that respect. I think there are a great many who share that view. But getting back to your primary question: Our statement as read here I don't think contemplates considering the

financing of the marketing of wool as being the type of a lending institution which should receive assignments, since that is not primarily the financing of the sheep grower in the operation of producing wool.

MR. LEMMON: I understood it to begin with. You see, I have known this fellow for a lot of years. I understood all about it before he said it. It is still fundamentally this: Everybody is a competitor. Okay. That's it. I have many times -- and he knows I have said it -- I have many times said that the grocery store down there had no business advancing money for a fellow currently. They ought to have a credit check on a guy like that so they would know whether they are taking a chance. It could not be interpreted in any other way except that this is denial and this is restriction of competition. Period.

I could talk all day, but that's all there is to it.

MR. CROULEY: By this statement, do you mean that?

MR. LEMMON: That's right. When you restrict the right of the grower himself who owns the property to go to whom and where he pleases with his property to pledge it, hoping he might get better deals, then your action

forces him to go into some other channels. You can't stand on that and you can't justify it.

STATEMENT OF J. B. WILSON, REPRESENTING THE WYOMING WOOL GROWERS

MR. WILSON: I am getting in a little more of a fog all the time. I hope you gentlemen are a little clearer than I am. But I gathered from some of the things that have been said here that because the lending agencies -- take Lemmon's organization, for example, or Mr. Crouley's -- when they make a loan on a sheep -- I am asking that for my own information because I will be asked this question -- will it be necessary if an assignment of the incentive payments is granted, for them to secure the consent of the lending agency as they do now on the depreciating advances they were talking about? I would really like to have an answer to that question.

MR. BURCH: I would like to comment on that. Since the question has been raised earlier, it is that seemingly there was no question but what this incentive payment could be interpreted as an increase under the terms of the mortgage. I don't think that is so at all. I don't think that the mortgagee or banker has any right or claims against the incentive payments as a lien

holder, legally. I think as a banker I am going to get the incentive payments applied on every one of my loans or I will know why.

MR. CROULEY: I would like to clarify one more statement of Mr. Lemmon. It was the intent of this committee that all agencies -- co-ops, marketing agencies, PCA's, or banks, or anybody else giving credit, should have the same privilege under this setup. If a grower gets all of his financing from the South Dakota Wool Co-op, I would say then they were entitled to get that incentive payment assignment. That is the intent of the committee.

MR. LEMMON: You see, that is contrary to all of the practices we have gone through for twenty-five to thirty years.

MR. WILSON: Mr. Chairman, I submit I have not had an answer to my question. Mr. Burch says he would not do it. Of course, he does not have to. You can get it anyhow. I agree with your statement, but I am still a little in doubt as to whether that will be applied or not.

MR. BURCH: The question being asked by Mr. Wilson is whether or not the holder of the mortgage on the sheep

would have a lien on the incentive payment. It is my opinion, and as a lawyer too, that he does not have and would not have, but would Frank Immasche care to comment?

MR. IMMASCHE: We have someone here from the Solicitor's Office.

STATEMENT OF GEORGE COOPER, OFFICE
OF THE SOLICITOR, UNITED STATES
DEPARTMENT OF AGRICULTURE

MR. COOPER: The Office of the Solicitor agrees with you a prior mortgage does not reach to the incentive payment that will be made by the Secretary of Agriculture under this Act. The only way it can be reached if at all is in accordance with the regulations by the Secretary of Agriculture, and that is what this discussion is about -- whether to permit assignments and under what conditions.

MR. WILSON: That answers my question, Mr. Chairman, but there were inferences in some of the discussions this afternoon that the incentive payment would follow the mortgage.

MR. DEVEREAUX: Mr. Chairman, in practice I don't think either of these gentlemen has a customer in the

sheep business whom he does not have confidence in, and I don't think he has a customer that it would be necessary for him to go as far as collecting the incentive payment on to have his customer in good shape. If he is in this condition these boys just overlooked it last fall, because they got besides, the security and the integrity of the man they are dealing with, and probably long years of experience with most of their customers; and as a matter of practice the incentive payment would be turned in on the loan.

MR. WINDER: If all of the sheep producers are in that good a position I am wondering how it was that just a little over a year ago the bankers along with the livestock people in Colorado, and I think Mr. Burch was one of the committee, were trying to figure out ways and means of getting some supplemental finance agency set up to attempt to take the load off of some of the banks with respect to livestock financing.

MR. HUGHES: Mr. Burch, do you care to comment on that?

MR. BURCH: I would be very happy to. It is purely foresightedness on the part of bankers. There was a drought staring us in the face. There is always going

to be in this country the question of whether or not any industry like the sheep industry and cattle industry, or any industry that is out there under God's elements where things can happen -- it may run into a situation where credit can dry up and be tight, and you have to do something about it.

This talk, Norman, that you are making here is just a little bit under the belt, I think. The banks under no circumstances in our area are concerned about it particularly, but being cooperative and foresighted we did want to explore how we might go about it to make sure adequate financing would be available for all livestock people, including sheep men; and I think we should be praised for that.

MR. WINDER: I think so too.

MR. BURCH: I am not ashamed of it.

MR. WINDER: It was not in any manner of criticism that I brought it up.

MR. WARD: Could I ask a question?

Mr. Crouley reiterated for the second time that the marketing agencies, and cooperatives, and PCA's, were intended to be included in the resolution, and Mr. Burch said the opposite. If I understood you correctly,

the intent of that resolution as you read it was that the co-ops, and marketing agencies, and PCA's, were not included.

Which one is correct? Which is the intent of the resolution?

MR. BURCH: My understanding of this statement is -- it is somewhat technical, but it is not intended to be discriminatory at all. Any organization, and I don't care whether they are individual corporations, or co-ops, or banks, or PCA's, that are engaged in financing the sheep operation and the production of wool should be permitted to have these assignments, and there is no discrimination for or against anyone.

MR. LEMMON: There is a very fine discrimination.

MR. BURCH: Very fine.

MR. LEMMON: The point is if the marketing organization has financed that and completely financed that livestock man, then he can also have it.

MR. BURCH: Yes.

MR. LEMMON: Let's get it clear so there is no misunderstanding about that.

MR. HUGHES: The clock is ticking off the time and I had hoped we might reach some degree of compromise

today, but I believe one safe conclusion is that there is still an area of disagreement.

I also happily make another observation, and I say happily because it is cheering to me, and it warms my heart to know that the day of individual thinking and rugged individualism is not dead. Certainly there is a lot of good thinking and individual thinking that has been done here.

We want to thank you all for coming. We obviously will have to reach some sort of a conclusion on this. We don't want to make any commitment as to when we will reach that, offhand. You folks who have participated here have been helpful and I am sure that getting around the table and discussing these problems is always good for any group. When a decision is made I think it has less adverse impact after there has been a thorough airing of the various opinions.

I am not very anxious for the kind of position we are in, but unfortunately we are in this position.

I wanted to make one further announcement, gentlemen. That is, we said previously here that a transcript of the record would be available for a small charge. We find we are getting the stencils with the service we

have here and that we are providing this afternoon, so we thought with very little extra trouble and expense we would run off mimeographed copies of the record here. You folks who have filled out cards and whose names we have, we will mail then to you as quickly as we can a complete transcript of the record.

Is there anyone who has not been heard who wants to talk?

MR. RICHARDS: I would like to ask you if I am correct in understanding that you would still receive for the record of these hearings material up to Tuesday of next week?

MR. IMMASCHE: Make it the 23rd.

MR. HUGHES: Through the 23rd.

MR. RICHARDS: That is Wednesday morning -- to be in here Wednesday morning.

MR. WILSON: I want to thank you for making the transcript available. It is very fine of you and we all appreciate it.

MR. HUGHES: Thank you.

(Whereupon, at 4:50 o'clock p.m. the hearing was concluded.)

STATEMENT OF PROPONENTS OF ASSIGNABILITY OF INCENTIVE PAYMENTS UNDER THE NATIONAL WOOL ACT OF 1954 TO THE HONORABLE EZRA TAFT BENSON, SECRETARY OF AGRICULTURE FOLLOWING THE OPEN HEARING CONDUCTED BY THE DEPARTMENT OF AGRICULTURE IN WASHINGTON, D. C. ON FEBRUARY 18, 1955

The undersigned proponents of the Department of Agriculture's proposed order authorizing growers to assign their incentive payments on wool respectfully submit this statement. It is done to re-emphasize certain important points discussed at the hearing held at the Department of Agriculture on February 18, 1955. It provides an answer to certain contentions of some of the opponents to assignability and is a request for a speedy determination of the question by the Secretary.

The statement is presented in the belief that the Department is well-acquainted with the problems of the industry and that the Department having taken the lead in securing the Congressional enactment of the new wool act, is fully capable of determining how best to use the act for the early accomplishment of the objective of increasing wool production in the United States.

As will be pointed out elsewhere in this Statement, many growers and other segments of the industry had presumed from previous discussions with the Department that assignments of incentive payments were to be permitted and understands there was no opposition to those assignments until recently.

In any consideration of this matter, there are certain factors outside the actual question itself which the proponents feel have played a major part in obtaining support for a position for opposition to assignments:

1. The competitive factor between traders (cash buyers) and dealers and marketing associations which handle growers' wool on a consignment basis.

2. The competitive situation which exists between banks and dealers and marketing agencies who finance grower operations through advances on consignment of wool.

3. The rivalry between pro-cooperative and anti-cooperative forces which exist in the wool industry just as it does in every agricultural industry in which cooperative marketing and financing agencies play an important role.

4. Clashes of personalities within the industry and within the leadership of various organized groups representing areas and different segments of the industry.

We believe that the Department must recognize those factors do exist. Where they have played a part in the position taken by the proponents or opponents, they should not play a part in the final settlement of the question itself by the Department.

In requesting the Department to proceed with the issuance of an order permitting assignments of incentive payments, the proponents are asking for no special privilege but for equality of opportunity for all growers to utilize, on a voluntary basis if they wish, the opportunity to finance their operations through the agency of their choice. This would give all financing agencies the same treatment.

Restriction of marketing agencies and consignment dealers so that they could not accept an assignment would destroy a function which they have provided to the growers for many years. It has always been a part of their regular service. The more than one hundred thousand (100,000) growers in the United States who utilize this service to finance their operation are, for the most part, small growers, but the Department is fully aware of their large number in relationship to the total number of individual sheep producers in the nation.

These wool advances at shearing time permit the orderly marketing of the wool clip of the United States over a period of time, as the mills can absorb it, without disturbing or glutting the market by dumping the entire clip on the market within a short period, and results in higher returns for the wool growers. This is in accordance with the following statement of the United States Department of Agriculture, released under date of January 25, which we quote:

> "Officials pointed out that the major determining factor will be whether or not assignments contribute to the overall objective of the new wool act to encourage growers to increase domestic wool production."

Depriving the grower of the right to assign his incentive payment to his marketing agency, whether cooperative or private, will also deprive him of obtaining as large a cash advance on his wool as he would otherwise obtain, and which he needs for production and operating expenses in the spring and summer. Small farm flock growers, who are greatly in the majority in numbers in the United States, do not care to (and in many cases cannot) secure advances on small lots of wool from their banks. This has been ascertained by investigation. In our opinion, it is too expensive for the banks to attempt to prepare the papers on 200 to 500 or 600 pounds of wool, as the case may be. Many growers do not care to place chattel mortgages on their livestock in order to get a wool advance. These small growers need the larger advance that these assignments make possible, and we feel they are entitled to them. The larger range operators can more easily secure production financing from their livestock loan company or bank.

The U. S. Census for 1950 shows that out of 285,534 farms owning sheep in the United States, 275,123 own less than 300 sheep per farm. These can be classed as farm flock growers. In the same census those who can be termed range growers owning over 599 sheep per farm, total only 6,134. On behalf of these smaller growers--over 100,000 of whom are members of the wool cooperatives--we are requesting the Department of Agriculture to permit the wool grower receiving an advance to assign his

incentive wool payment to his wool marketing agency, if he desires to do so, whether the agency be cooperative or private, with the stipulation that the advance will be used by the grower solely for the production of sheep, lambs or wool, and the marketing of wool.

It is a known principle, recognized by everybody that extension of credit increases prices and contraction of credit lowers prices. In this case the extension of additional credit to the wool grower will furnish him money with which to carry on his operations and in some instances invest in additional sheep and will make it possible for him to orderly market his wool-that is, seek a higher price, rather than being forced to sell it, probably at the time of shearing, in order to obtain money which he might need. Permitting this method of financing by handlers of wool will increase competition between handlers who wish to market the wool, thereby automatically increasing the price. If this line of credit is denied it will result in just the opposite effect. It will cause the dumping of wool, which will decrease the price, because of an excess supply at shearing time, will lower the income of the wool producer and result in a decrease in production, rather than an increase. A lower price seems to be the main objective which the wool dealers had in mind when they opposed growers having the right to assign their incentive payment for money borrowed.

We have for a long time labored under the assumption that the price of domestic wool was governed by the price of foreign wool, plus the tariff, but during the past few years we have ample evidence that at numerous periods our domestic wool has been selling considerably below this figure. Therefore, the sacrifice sale of wool at shearing time would, without question, drive the price of wool far below the price of foreign wool, plus the tariff, unless the present outlook for demand is improved.

There is not sufficient financing available in the wool trade and textile industry combined today to lift our entire domestic clip as fast as it is shorn. The reason for this is because most of our domestic clip must be graded before it can be used by the manufacturers. They are not willing to purchase very much ungraded wool. They would acquire too much wool of grades that are not adaptable to each particular mill operation. Along with this, we must also keep in mind that there is no longer a support price to act as a floor under our market.

With these problems in mind, we feel certain that assignment of the incentive payment will prevent glutting of the market at shearing time and bring about a more orderly marketing program. The assignment would bring into the market picture, new financing which would help carry the clip over the shearing period when most of our wool comes off in a relatively short period of time.

In specific answer to some of the points raised by the Boston Wool Trade Association in their statement of position and in regard to statements made by the Mid-West Wool Trade Association giving figures on the number of growers who sold outright to their members, we would like to point out that these are not figures that are authenticated by the

Department's own records. In the case of the figures presented by the Mid-West Wool Trade Association, they were for the years 1943-1949. They are not up-to-date figures in the first place, and in the second place cover years when Government regulations required direct sale because the Government was buying all of the wool.

They thus cannot be used to show the normal relationship between direct sale and consignment buying. The figures presented by the Boston Wool Trade Association are at best a guess and they do not point out that these figures vary by areas and the size of production within the various areas. The figures are based upon estimated tonnages with no regard to the human element involved with the overwhelming number of small growers who utilize consignment selling with its advances to growers as their only method of financing their wool operation.

The arguments constantly advanced that the consignee, whether dealer or marketing association, can use the assignment of the incentive payment as a hedge is simply untrue. Consigned wool belongs to the grower until it is sold, and it is the grower who utilizes the advance on the assignment to finance his operations until his wool can be sold to the best advantage in the judgment of his own cooperative association or the consignment dealer to whom he has entrusted the job of selling the wool for him. Regardless of the advance made, the grower settles his account with any agency handling his wool when it is sold.

To read the arguments of the Boston Wool Trade that a consignment agency could be expected, in view of the production hedge, to sell below market practices is specious economic logic. No grower agency would dare sell its members' wools on such a basis nor could a consignment dealer long remain in business and obtain any more wool if it inaugurated such a selling policy.

Permitting assignments so that marketing agencies can continue their attempts to provide orderly marketing and stability in the market seems to us to be a necessary action if there is to be an orderly return to the open market for the United States wool industry under the terms of the National Wool Act of 1954.

The proposals of the Boston Wool Trade for restrictions on assignments, segregating the advance on incentive payment from the value of the wool, obviously are offered for the accomplishment of the same purpose as no assignments. Such action would make the value of the assignment as collateral almost nil. Assignments would be used upon the predication that the incentive payment is paid on the value of the wool. An incentive payment could be wiped up by a rise in the price of wool making a separate assignment valueless, but when a loan is made on the wool and assignment the increased value of the wool would then cover. Unless, the assignment can tie in as a transaction with the value of the growers' wool or the value of his sheep for collateral purposes, the assignment could not accomplish the purpose of providing the growers with any added value on his production as was intended by the Congress when incentive payments were established, in lieu of providing marketing safe-guards for price through import restrictions.

It should be pointed out here that the position taken by the Boston Wool Trade Association was taken without canvassing their membership or without a membership vote.

It is the recognized business of traders to buy wool as cheaply as they can with as little cash outlay as possible and to sell at the highest possible price to the manufacturers. It is easily recognizable that it would be to the advantage of the traders to eliminate, as much as possible, the opportunity of the growers to borrow on his wool so that he can hold it or pool it and seek a better market than may be available at the time of shearing.

While many banks have gone on record with the Department in favor of assignments without restrictions as to whom they may go, there are some banks which have opposed this position, stating that only banks and that type of lending agency should be eligible to receive the assignment.

Insofar as we know they have given no logical reasoning for such a position and it can only be assumed that it is motivated by the long established opposition of certain segments of the banking industry to the operation of cooperative production and marketing loan agencies.

However, the established policy of the United States Government requires that loans by such agencies be considered a normal and established method of growers' financing of operation. The law, under authority of which, the bank of cooperatives operates, specifically spells out that it is to loan money to marketing cooperatives for this purpose.

Basically, this comes back to the point made in several other places in this statement that thousands of growers have no other method of obtaining the proper financing service except through the marketing agency which knows the value of the wool and is set up to handle the small lot and can go to market with the wool pooled from many producers.

In answer to certain points in the joint statement submitted by the California Wool Growers Association, Idaho Wool Growers Association, the Western South Dakota Wool Growers Association, Texas Sheep and Goat Raisers Association, Wyoming Wool Growers Association and New Mexico Wool Growers Association:

1. Paragraph 1 of opponents statement is obviously an attempt to imply that the statement is an expression of opinion of growers representing a sheep population of more than 10 million head and a wool production of more than 94 million pounds as compared to a total sheep population of 16 million head and wool production of 147 million pounds in the areas covered by the National Wool Growers Association. Testimony at the hearing on February 18th show this is not the case and this statement should be viewed in the light of actual circumstances and events. The California association action was taken by a board of directors after association officials had consulted with a number of wool traders but had not carried the matter to the growers. Statements at the hearing show that there are a large number of growers in California who utilize marketing agencies on a consignment basis and who favor the issuance of assignments.

It is honestly believed that action was taken by the California board immediately after the attack on assignments was made by the Boston Wool Trade and before any further evidence was sought or obtained and without checking the actual feeling of the grower members of the association as well as non-member producers of the state.

Since the time of that action by the California Wool Growers Association the members of the Cal-Wool Marketing Association, the California Farm Bureau Federation and others have taken a position endorsing the Department's proposed plan for permitting assignments of incentive payments. This shows, at the least, the California Wool Growers Association is not speaking for the entire wool growing industry within the state and is not in a position to claim representation for all of the sheep population or the wool production.

The same condition prevails in regard to Idaho, Western South Dakota and Wyoming as shown by statements before the Department. The Idaho Wool Growers Association, in its official bulletin, said the matter had been taken up by the directors at a meeting entirely different from an association meeting. No attempt was made to canvass the growers. Evidence before the Department shows that again there are many growers in that state desiring use of assignments so the Idaho Wool Growers Association cannot claim to represent the total sheep population or the total wool production.

In Western South Dakota, the action of their board of directors did not include a canvass of the membership. The action was not unanimous and three directors protested the action of the association so strongly that telegrams to their Senators are on file with the Department, showing that they favor assignments. Two of these three members of the board are past presidents. Written and oral statements to the Department show that the dealers and associations who handle the wool for almost three-fourths of the growers in South Dakota favor the Department's authorizing the use of assignments by the growers.

Statements and letters to the Department and to the Wyoming Congressional delegation forwarded to the Department show a very definite divided opinion on the matter in that state. Certainly, the Wyoming Wool Growers cannot claim to speak on this matter for the entire sheep population or wool production.

The Texas Sheep & Goat Raisers Association represents growers in the major producing western counties of that state, but does not, to our knowledge, represent all of the growers and all of the production in the entire state. There is no justification for their implied claim that they are speaking for the entire sheep population. The records will show that a number of Texas growers utilize consignment selling methods and desire the use of assignments.

The New Mexico Wool Growers Association took their action at a convention where several of the opponents of assignments from Texas were the only speakers on this subject and the convention committee taking this action heard of no one else and obtained no evidence as to the needs or value of assignments.

If there were any way to ascertain the actual number of producers and the actual number of sheep and the actual amount of production represented by the viewpoints expressed in opponent's statement, the number of sheep claimed in paragraph one would be very greatly diminished. It is doubtful if they actually represent the viewpoint of 35% of the sheep production in the western range areas.

During the hearing, a telegram was received from the Nevada Wool Growers Association and read into the record in opposition to assignments. Previously, that association's president and others had gone on record favoring assignments and the Department's records will show communications to that effect. That association president, who had intended to attend the February 18th meeting, died earlier this month. The telegram received by the Department was sent by the acting president without calling a meeting of the board of directors although he talked to a number of them by telephone after they had received numerous wires and phone calls from the opponents, chiefly the wool traders.

It is our understanding that no organized growers opposition was expressed from any of the other 41 states, only these seven. Growers of the farm flock or fleece states appeared to unanimously favor the Department's proposed assignments. In these states most of the smaller growers use no other method of financing for sheep operations except through their marketing agencies.

A true evaluation will show the associations speaking in opposition, with growers in those areas definitely divided, could hardly claim to represent more than one-fourth of the total sheep population and production of the United States.

2. In specific answer to point #1 raised in opponents statement, the opponents have attempted to create a fear which certainly cannot be justified by the financial facts of life as known to growers and bankers. It would be so highly unlikely that any consignment dealer or marketing association could stay in business, borrow money to finance its own operations, or properly service customers if it were to follow the examples set forth. Surely the Department can see there is little likelihood that the advance on the value of the wool and the incentive payment would overreach the actual market price for the wool. Such cases would be few and the credit privileges of the vast majority of growers should not be restricted in order to prevent isolated happenings. The Government has established the incentive level as the true value of the wool and pays the incentive payments as a compensatory payment because the Government, at this juncture, is unable to provide price protection in the market through a sufficient tariff. The grower's method of financing in order to get the maximum working capital either through sale and/or financing through consignment in order to seek his best market, should be his privilege.

3. In their point #2 the opponents of assignments certainly have not based their argument on the methods of marketing which are in effect now in a free market, to draw such a conclusion. It is completely outside the established economics of the industry that the manufacturers would have to advance money on incentive payments.

4. In the first paragraph of opponents' point #3 it should be remembered the wool grower is the consignor and owns the wool utilizing, in his best judgment, a consignment method of marketing in an effort to obtain the best possible price. The assignment is not a method of protecting the consignee because with or without the incentive payment the grower still has to settle with the consignee when the wool is sold.

In paragraph two of point #3 of the opponents' statement they forget that the history of economics shows that extended credit is not a price depressant but that a credit restriction is. Further, we do not believe that it is a function of the Department, in administering the wool act for the benefit of growers and increased wool production, to administer it to the advantage of cash buyers, who are actually "speculators", rather than for the benefit of the growers. Nor is this act intended to say that the dealers should never sustain a cash loss.

5. In opposition point #4, they claim, but do not show any proof, that assignments would result in market manipulation. The growers feel that assignments would actually contribute to orderly marketing just as consignment has, throughout the history of the wool industry in the United States, developed as one of the normal marketing practices, to which the industry is supposed to return under the terms of the National Wool Act of 1954.

6. Opposition point #4 is again a "bugaboo", pulled out of thin air with no backing in evidence but merely a statement that it would create fear in the minds of cash buyers. The same view should be taken of opposition point #6 for there is no basis in fact.

7. Opposition point #7 seems to us to be a concern of money lenders. As growers we feel that the Department, in carrying out the intent of the Act "to increase production", certainly is justified in not permitting assignments of incentive payments to be used to pay old debts. Growers should have this incentive payment money available for new production costs.

8. In opposition point #8, it should be remembered that the proposal of the Government to issue assignments for incentive payments was never questioned at any of the hearings or subsequent meetings with representatives until the Boston Wool Trade appeared at the National Wool Growers convention in Salt Lake City in December with pre-prepared propaganda. With a one-sided presentation, they secured an endorsement of the principle of severely restricting the issuance of assignments to those who would not be competitors with certain segments of the Boston Wool Trade, in the handling and marketing of the wool clip.

At that time the Boston Wool Trade stated in their propaganda that they realized many growers have the problem of financing, that assignments should be permitted for mortgages on the sheep. These associations now opposing, who were represented at the meeting, voted for restrictions which would still permit use of assignments to finance in the

restricted manner. The New Mexico Wool Growers Association was not represented at that meeting. The National Wool Growers Executive Committee, after studying what effect such restrictions would have did, later, at Denver rescind their original action, took a neutral position, and left the matter up to their state association members because of the divergent view of the leadership of the various state associations.

It might be noted here that the other member state associations obviously are not in agreement with those signing this statement or they would have joined in the signing. The Department has on record communications from a number of such associations with endorsements of assignments. The statement again made at that point that the opposition represented two-thirds of the total sheep and wool represented in the National Wool Growers Association is again challenged with the same argument as used in our point #1.

9. The opposition in their point #9 should have listed the names of the banks, where extra money can be borrowed on sheep and wool, based upon the bankers' "faith which they have in the individual grower and the industry". If the bankers would loan us an additional 10¢ a pound on our wool on such "faith" without our assigning the incentive payment, then both the banking bosses and the methods of finance have changed recently.

Incidentally, we would like to strongly reemphasize at this point that many of the smaller growers who would utilize the assignment method of financing through a marketing agency use no other method of financing their sheep operations. It is their established and normal practice and has been for years. In many smaller communities, banks cannot provide the proper service to finance these growers through mortgages on the wool. These banks, in some of these communities, do not know the wool on any basis which would permit them to offer the same service to the growers. The Department should not draw regulations which would restrict these normal financing and marketing practices of the small growers.

The argument used by the opponents obviously is predicated only upon the conditions prevailing for the large growers and the speculator traders.

If the only agencies prepared to give this proper financing and consignment marketing service to the small growers are severely restricted, through a Department regulation, these small growers will be placed at the mercy of the speculator traders. It will definitely result in disorderly marketing through sacrifice sale at shearing time. Consignment marketing by large numbers of small growers through consignment to their marketing agencies has long been recognized as an important factor in both stabilization of the market and increasing the return to the growers which is the basic principle of the National Wool Act of 1954.

These conditions which apply to the small growers also apply to many range producers in the West who are actually on a marginal basis of operation at the present time. This condition has been brought about by the three years of depressed markets and the Department is well aware of

the financial plight of these growers through the operation of the Federal loan program. It is imperative that the Department utilize every method within the scope of the National Wool Act of 1954 to provide benefits through extension of credit to these operators.

10. Comparison of the Wool Act and wool growers with the Sugar Act and sugar growers obviously implies no real understanding of the two Acts or methods of administration. Payments to growers under the Sugar Act require conformity with numerous federal regulations including even the wage scale paid to the workers. It is based upon a different method of collection of the money used, control of the foreign sugar supply and a guaranteed price upon which the growers can indirectly borrow for cost of operation. The wool incentive payment is different in that it is based upon a national average price in an open market, with the incentive payment to be determined at the conclusion of the marketing year. There is no similarity. The incentive level is pre-determined at the beginning of the year and the growers should be permitted to utilize any financing value the incentive level value of his wool may have in advancing his operations and increased production.

11. In opposition point #11, they make a charge, and as in most of their points have offered no proof, that the Secretary is being "coerced" through a threat to fight the activation of Section 708 of the Wool Act. This must have been mimeographed before February 17, 1955, because on that day all segments of the industry, who have been working for months to perfect their plans, joined in asking the Secretary to activate Section 708. Not one single marketing agency within the industry appeared in opposition. They appeared in support.

12. In opposition point #12 they would have it appear that some "dastardly scheme" has been afoot regarding "agreements" to permit assignment. Nothing could have been more open than the Department's study of assignments and the proposal to permit them. It was discussed before the proposed Wool Bill was even submitted to the committees of Congress for their consideration.

The Department explored it with all segments of the industry at various times in Washington and finding no opposition, but considerable support, included in their testimony before the Congressional committees, a statement that assignments would be permitted. Copies of that testimony, mimeographed by the Department, and printed copies of that testimony from the committee, were both sent to every officer of the associations signing the opponents' statement. It was discussed by a Department representative at a meeting of the National Wool Growers Association held in Flagstaff, Arizona in June, 1954. Officers and members of each of the opposing organizations were present, with the exception of the New Mexico Wool Growers Association. The Department officials discussed it again with the grower representatives who attended a conference at the Department in September, 1954, at the time recommendations were made for an incentive price level.

Based upon the expressions of the Department and the then apparent acquiescence of the industry groups, for not one single protest was lodged throughout those 10 months of study, some marketing associations, their grower officers, and members, assignment dealers and their

grower customers, production credit associations and their grower members, prepared to utilize the assignment method of financing. If these actions constitute "agreements" then agreements have been made. Certainly, the legislative history of the Act shows that the Department intended, and the Congress was so told, that assignments would be permitted under proper conditions.

The proponents of assignments feel that the Department has well protected the growers in the proposals they have made authorizing the issuance of assignments. We feel that the Secretary is obligated by the legislative history of the Act and the statements made by the Department to the wool growers, to permit assignments under protective conditions such as were outlined in the Department's bulletin issued in Washington on January 25, 1955, outlining those safeguards.

13. The point taken by the opposition in their point #13 is again, we feel, far-fetched. Certainly a marketing agency or consignment dealer financing the growers against his incentive payment, above and beyond the amount which can be advanced on the wool itself, would find it necessary to have bankable paper. It would require an assignment to obtain this. The Department well knows how to handle the matter of certification, etc. which this would require and has done it many times on other assignment matters. There would be no great administrative detail involved. The statement that assignment of incentive payment would require Department policing and auditing of books is quire illogical. The plan, as proposed by the Department, would require the marketing agency to file with the Government a certified account of the sale. The Department, in the handling of assignments, would furnish to the grower a copy of the draft drawn to his account on the incentive payment. That in itself makes this matter self-policing for the grower and the consignee must in each instance settle their own accounts at that point.

14. It would appear that opposition to point #14 is a case of reaching for a small technical detail having no bearing on the question itself and which can easily be handled by the Department.

15. The conclusion drawn by the opposition seems exaggerated and is based upon nebulous statements and expresses fear of only things which "might happen". They do not point out that if no assignments are permitted, there can be no benefits to the wool growers under the National Wool Act of 1954 prior to mid-1956, perhaps later.

One important factor the proponents of assignability of the incentive payment would like to make with the Department is that at a conservative figure, many more than 100,000 growers in the United States consign their wool for orderly marketing to either a marketing agency or a consignment dealer. We believe the Department must take into consideration the economic welfare of this large portion of the growers involved in the production of wool in the United States.

The Department in carrying out the intent of the Act to encourage increased production certainly should permit the utilization by the grower of his incentive payment so that benefit can be obtained during 1955, else an entire additional year will be lost in attaining the goal of increased production for both essential military requirements and the civilian economy.

Therefore, we respectfully request the Department of Agriculture to speedily make a determination in this matter and to issue an order permitting assignments under the terms and conditions of the proposal as announced by the Department on January 25, 1955.

Respectfully submitted,

J. A. Sinnott, Glendale, Arizona
Frank Lebus, Cynthia, Kentucky
Earl Linger, Alamosa, Colorado
J. W. Tubbs, Durango, Colorado
John T. Poole, Roberts, Idaho
William Temple, Serena, Illinois
Ralph Horine, Indianapolis, Indiana
LeRoy Getting, Sanborn, Iowa
R. N. McLachlan, Evart, Michigan
Tom Clark, Hopkins, Minnesota
Ray Gress, Dickinson, North Dakota
James H. Lemmon, Lemmon, South Dakota
Jim Sam Gillespie, Pounding Mill, Virginia
Lehi M. Jones, Cedar City, Utah
R. H. Tuckwiller, Lewisburg, West Virginia
Carl J. Ritland, Haugen, Wisconsin
Leroy Moore, Ross, Wyoming
Roy A. Ward, Portland, Oregon
L. A. Kauffman, Columbus, Ohio

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NATIONAL COUNCIL OF FARMER COOPERATIVES

744 Jackson Place, N. W.
Washington 6, D. C.

February 21, 1955

Mr. James A. McConnell
Assistant Secretary of
Agriculture
U. S. Department of Agriculture
Washington 25, D. C.

Dear Mr. McConnell: Re - Assignment of Incentive Payments by Wool Growers

While the National Council of Farmer Cooperatives has no specific resolution with respect to the assignment of incentive payments by wool producers, we do have very definite policy concerning the protection of the role of cooperatives in providing maximum services to farmer members. Furthermore, the U. S. Department of Agriculture has, over the years, together with other agencies of government, been mandated by the Congress on more than one occasion to foster and protect farmer cooperatives in the rendering of services to their farmer members in line with their sound objectives and operations.

We regard the assignment by wool growers of the incentive payments to their cooperatives as being in line with such desirable services, since it will permit of operations designed to more adequately meet the credit and marketing needs of wool growers. It will also permit farmer cooperatives to anticipate and reflect more quickly to members the total income to be received by wool growers under the program. Through more adequate financing of the market operations, members will be enabled to carry out more orderly and efficient marketing operations, and thus receive larger returns than would otherwise be possible, thereby enhancing the incentives for more wool production and further implementing the purposes of the basic legislation.

As far back as April 18, 1935 in Administrative Rulings relating to the 1935 Southern Rice Adjustment Program, the Department of Agriculture established a precedent of permitting growers entitled to such payments the privilege of assigning their rights to the payments for the purpose of obtaining current production and market financing. The same principle has been followed since, and has been well established as a sound precedent by the government. We can see no difference between these early provisions and the one now requested on behalf of wool growers. I understand that even under the current program of purchases of grain storage bins, manufacturing companies are permitted to assign prospective purchase payments to credit agencies for financing purposes.

It should be clear that we are not proposing that such rights be granted only to producers who are members of farmer cooperatives, or that such cooperatives should be the only agencies entitled to receive such assignments. They should be granted to other credit agencies on the same terms. The possibility that cooperatives may be in a position to reflect the benefits more directly and immediately to their members than such other agencies should not affect the principle involved, and cooperatives should not be penalized because of the fact that they are in such position.

Farmers should not be placed in the position of depending entirely on legislative measures for their welfare, but should be given every opportunity to use proper legislation to advance their own mutual interests through maximum use of self-help measures in connection therewith. If, on the other hand, legislation or regulations prevent or impede the farmers own cooperative self-help programs, they will inevitably become more, rather than less, dependent on government.

Sincerely yours,

/s/ Homer L. Brinkley

Homer L. Brinkley
Executive Vice-President

HLB:FBC

BOSTON WOOL TRADE ASSOCIATION
Address of Secretary and Treasurer
263 Summer Street
Boston 10, Mass.

February 21, 1955

Director, Livestock and Dairy Division,
Commodity Stabilization Service,
U. S. Department of Agriculture,
Washington 25, D. C.

Dear Sir:

Proposed Assignment of Incentive Payments
under the National Wool Act of 1954

This letter is submitted in accordance with the announcement by Mr. Hughes at the meeting February 18 that additional statements would be considered if received by February 23. We would appreciate your considering this as a supplement to our statement dated February 10. Our purpose is to analyze the grower representation and arguments made at the meeting.

The proponents of assignments to marketing agencies were led by the cooperative wool marketing associations.

The opposition to such assignments was centered in a group of seven wool growers associations (including Nevada) representing the largest wool producing states and about 70% of the wool production by members of the National Wool Growers Association. A very strong statement was presented in their behalf by Mr. Penrose Metcalf, Vice-president of the NWGA, in addition to considerable testimony by growers and officials of the state associations.

With the exception of a small group of dealers in Portland, Oregon, represented to be otherwise, the wool trade associations were unanimous in their opposition to assignments on the terms suggested by the Department prior to the hearing. These associations represent private dealers who handle 70% to 80% of the entire domestic clip.

The Farm Bureau Federation was recorded as favoring assignments to marketing agencies, while the American Bankers Association opposed them except to lending agencies which financed the entire sheep operation of a grower (as distinguished from those which merely financed the marketing of wool through a consignment).

The division of opinion among grower representatives indicated that only those who customarily sell on consignment, representing possibly 25% to 40% of the clip, were stated to favor assignments, while the clear

majority, who sell their wool to cash buyers, were opposed.

Perhaps the most vehement argument of the proponents was that the growers need the additional financing they could get from assigning their benefit payments. It was pointed out that to most of those growers who consign their wools this might bring an advance of $10.00 or $15.00. On the other hand, the majority of growers, including those with large flocks who could expect substantial advances for assignments, do not need or want this financing, and are opposed to assignments as the means of obtaining it. Their reasons were clearly stated: they realize their cash market for wool would be disrupted if not destroyed; that there would be no incentive for dealers and manufacturers to buy for inventory; and that large quantities of wool could be forced on the market at low prices by the consignment agencies with no risk to themselves in order to qualify their wools for incentive payments during a particular marketing year-- all with disastrous results on prices and values of wool. These were the very points we stressed in our statement pointing out the dangers of the tie-in features of the proposed method.

The proponents argued that assignments to marketing agencies must be permitted to avoid "dumping" of wool at shearing time. This argument ingenuously presupposes that there would be no consignment of wool without assignments, and ignores the fact that the shearing season lasts six months with the cash market normally absorbing 60% to 75% of the clip.

The proponents claimed that "there is not enough money to lift the clip". Mr. Hay of Wyoming pointed out the fallacy in this argument by referring to the fact that three times the amount of wool grown in this country is consumed here--all of which is bought and paid for.

The meeting February 18, in our opinion, proved conclusively what we could only suspect before it took place, namely, that the proposed method was designed to benefit consignment marketing agencies, and not the growers.

We are confident that the Department, with its grave responsibility to administer the Wool Act for the benefit of growers alone, in a manner that will not upset the normal marketing system for wool (with a vastly increased cost to the public if it does otherwise), will decide this question either by not permitting assignments to marketing agencies at all, or by permitting them only on a completely segregated basis as recommended in our statement of February 10.

Very truly yours

/s/ George L. Anderson

George L. Anderson, Chairman,
Domestic Wool Committee

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TEXAS SHEEP AND GOAT RAISERS' ASSOCIATION, INC.

DEL RIO, TEXAS

February 21, 1955

Mr. J. B. McConnell, Assistant Secretary
Department of Agriculture
Washington 25, D. C.

Re: Assignment of Incentive Payments
National Wool Act of 1954.

Dear Mr. McConnell:

The principal contention of the proponents of assignability of incentive payments is that the restriction of assignability would tend to restrict credit that would be available to growers, particularly at shearing time, and that such restriction would have an adverse effect upon the market. This assumption has no basis in fact in view of the traditional function of lending institutions located in sheep growing localities to completely finance the operations of the sheep and wool producer. The willingness to continue their historical function is apparent in the statement made by the American Bankers Association.

Reason No. 9 of the statement by Mr. Penrose Metcalfe, wherein we contended that the non-assignability of incentive payments would not curtail credit available to growers, was fully substantiated by the statement filed by the American Bankers Association and the oral explanation thereof.

In view of the fact that we were in error in our reason No. 7, referring to withdrawing mortgaged property from lienholders, according to the construction placed upon this question by the Department and the American Bankers Association, and in view of our feeling that the lienholder who actually financed the growers total sheep operation should be entitled to a mortgage on the incentive payment, we, therefore, indorse the statement made by the American Bankers Association and the oral construction which they placed upon it. Although we still feel that assignments should be prohibited, most of our objections would be removed if they were allowed only in line with the suggestions of the American Bankers Association.

We are at a disadvantage in refuting the arguments of the proponents of assignability since they gave their arguments orally and we will not have them available for review until transcript of the hearings are available. On the other hand, we made our statements in writing and distributed them to those who wanted them, since we are perfectly willing for the proponents to know what we stand for and why we stand there. If our position is incorrect then we certainly want to know it. We are sincerely trying to help the Secretary to reach a decision that would be beneficial to the growers and are not just attempting to win an argument. Any reference made to statements of proponents of assignability are based on our best recollection and are subject to correction, if our memories do not coincide with the transcript.

One of the proponents admitted, and his statement was not denied by others, that permitting assignments could cause a change in our normal marketing practices. In his opinion, it was time that such a change be made. We were under the impression that it was the intent of the Secretary to so administer the Wool Act of 1954 that it would not interfere with our normal marketing practices.

Another argument voiced by many of the proponents of assignability was that there should not be restrictions on the growers right to do as he desired with his incentive payments; however, not one proponent raised any objection to the restriction on the outright sale of the growers incentive payment, which restriction the Department says they will insist upon. To be consistent, they should be for absolutely no restrictions.

Mr. Lemmon stated that, by and large, most of the handlers of wool are honest. By the same token, individual wool growers are honest people. It seems to us that the demands being made by the marketing agencies that the Department help them to collect any advances made to growers is a reflection on the integrity of the individual growers with whom they deal. We should also like to point out that the American Bankers Association stated that they have complete confidence in the growers whom they finance and in the industry as a whole.

The statement was also made that the only consignment houses who might market the growers wool disadvantageously to the grower would be those houses that were not financially strong. This would seem to call for an inquiry into the financial condition of all consignment houses in order to ascertain which are strong enough to market the growers wool clip advantageously to the grower.

We concluded from the statement of Mr. Lemmon, President of the National Wool Marketing Corporation, that had he not been assured that assignment of incentive payments would be permitted, then he or his organization might have opposed the passage of the entire wool act.

This seems to indicate to us that the Marketing Corporation might have felt that securing the assignment of growers incentive payments might be more important to them than all the benefits the growers might derive from the whole wool bill.

We would like to call to the attention of the Secretary that most of the proponents of the assignability who appeared at the hearing were members of or represented cooperative organizations. Very few of the proponents were non-members of such organizations. They must feel that permitting assignments would give their type of marketing agencies a considerable advantage.

As we understand it, the National Wool Marketing Corporation is a cooperative wool marketing organization, and although they have handled most of the consigned wools in the past few years, they have handled only about 25 percent of the domestic clip. If they can speak for their members at all on this matter, in view of their by-laws, then they and all their affiliates could certainly speak for only that percentage of the domestic wool clip.

I would again like to state that we are not asking for any advantage and feel certain that the Secretary would not want to formulate regulations which would put us at a decided disadvantage.

Sincerely yours,

/s/ R. W. Hodge

R. W. Hodge, President,
Texas Sheep & Goat Raisers' Association

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RECOMMENDATIONS AND SUGGESTIONS RECEIVED IN WRITING

In addition to the views presented at the special meeting February 18, recommendations and suggestions received in writing were given full consideration in making a final decision on the subject as announced in the January 25 press release.

The names of those from whom such communications were received, listed according to whether for permitting assignments, against permitting assignments, etc., are shown on the following pages. A sincere attempt has been made to list the names of all those who submitted views on the subject, grouped according to the proper classification of the opinion expressed by each, but it should be understood that the list may not be complete and the classification sufficiently indicative of the recommendation in all cases.

In Favor of Assignments

Alamosa County Farm Bureau
Alamosa, Colorado

American Farm Bureau Federation
Chicago, Illinois

Harold B. Anderson
Sioux City, Iowa

Arizona Wool Growers Association
Phoenix, Arizona

U. S. Representative
William G. Bray

W.R. and W.D. Bjerken
Fargo, North Dakota

Oral Beck
Thornton, Idaho

R.A. Bartlett (with names of 71 wool growers in Sargent, Ransom & Dickey Counties) North Dakota

Charlie Blackmore
Switz City, Indiana

Alden K. Barton, Comm. of Agriculture
Salt Lake City, Utah

Raymond Bill
Wilmot, South Dakota

Parke C. Brinkley
Richmond, Virginia

W. J. Barsness
Starbuck, Minnesota

Sherman and Robert Beard
Hillsboro, West Virginia

Bonneville Wool Growers Association
Idaho Falls, Idaho

Bear Lake County Wool Pool
Montpelier, Idaho

U. S. Representative
Sam Coon

Pat Cantwell
Barnard, South Dakota

James Cantwell
Barnard, South Dakota

Cedar Wool Growers Association
Cedar City, Utah

J. M. Coon Wool Company
Portland, Oregon

Co-operative Wool Growers
Minneapolis, Minnesota

Paul Cunningham and Son
Pipestone, Minnesota

Cal Wool Marketing Association
Berkeley, California

California Livestock Production Credit Association
San Francisco, California

California Farm Bureau Federation
Berkeley, California

Earle S. Dickinson
Bemidji, Minnesota

U.S. Representative
Harris Ellsworth

Eastern Idaho Production Credit Association
Pocatello, Idaho

George Flint
Elbow Lake, Minnesota

First State Bank
Buffalo, South Dakota

Fresno-Madera Production Credit Association
Fresno, California

Anton Gress
West Fargo, North Dakota

Lowell M. Graves
Raymond, South Dakota

U. S. Senator
Hubert H. Humphrey

Charles Hetland
Hannaford, North Dakota

Mervin H. Hangen
Hannaford, North Dakota

Arthur Helland
Hannaford, North Dakota

Clarence Howell
Salem, Indiana

Frank Hanna
Plainfield, Indiana

Theodore D. Hill
Brookings, South Dakota

Hafner Wool Company, Inc.
Newell, South Dakota

Melvin Heggestad
Starbuck, Minnesota

William A. Hurst
Greencastle, Indiana

Russell Hodge
Crawford, Nebraska

Indiana Farm Bureau Association
Indianapolis, Indiana

Idaho Wool Marketing Association
Pocatello, Idaho

Indiana Oxford Down Sheep
Breeders Association
Indianapolis, Indiana

Iowa Sheep and Wool Growers Coop
Des Moines, Iowa

U. S. Representative
Lester Johnson

Jerry C. Jefferis
Brookings, South Dakota

Jacob Jacobson
Hannaford, North Dakota

Hiram Johnson
Ellendale, Minnesota

Jefferson County Sheep and Wool
Growers Association
Rigby, Idaho

U. S. Representative
Otto Krueger

Orville M. Kolbo
Claremont, South Dakota

Edward Kleinman
Greenfield, Indiana

Harold Kjorstad
Starbuck, Minnesota

Frank Kasal
Brownton, Minnesota

Kentucky Wool Growers Coop Association
Lexington, Kentucky

Lemhi Livestock and Wool Marketing
Association
Salmon, Idaho

L. P. Larson
Hannaford, North Dakota

Louis Larson
Hannaford, North Dakota

Oliver F. Lee
Rexburg, Idaho

Francis Luekin
Ferdinand, Indiana

Ralph Lupkes
Alexandria, Minnesota

Livermore Farm Credit Association
Livermore, California

U. S. Senator
Wayne L. Morse

U. S. Senator
Warren G. Magnuson

U. S. Representative
Robert H. Mollohan

F. J. McHugh
Aberdeen, South Dakota

James McClure
Belle Fourche, South Dakota

Minnesota Livestock Breeders' Association
St. Paul, Minnesota

D. E. Maxon
Backus, Minnesota

Gordon Mark
Mora, Minnesota

Francis E. and Paul C. Murphy
Hermosa, South Dakota

Michigan Co-operative Wool Marketing Association
Jackson, Michigan

U. S. Senator
Richard L. Neuberger

Hershel D. Newsom, Master
The National Grange
Washington, D. C.

Irving and William Nielsen
Idaho Falls, Idaho

Robert Nelson
Hannaford, North Dakota

Northwest Livestock Production Credit Association
Portland, Oregon

National Wool Marketing Corporation
Boston, Massachusetts

North Dakota Wool Growers Association
Dickinson, North Dakota

National Sheep Association, Inc.
Louisville, Kentucky

National Livestock Producers Association
Chicago, Illinois

Oregon Corriedale Breeders Association
Sherwood, Oregon

Ohio Wool Growers
Columbus, Ohio

Pacific Wool Growers
Portland, Oregon

Portland Wool Trade Association
Portland, Oregon

U. S. Representative
Henry S. Reuss

Paul J. Lincoln, President
Rio Grande Farm Bureau
Monte Vista, Colorado

W. O. Robertson
Idaho Falls, Idaho

Arnold Smith (with names of 11 wool growers)
White, South Dakota

H. O. Sonju
Hannaford, North Dakota

Oscar O. Stockland
Hannaford, North Dakota

H. W. Steiner
Hannaford, North Dakota

August Steiner
Hannaford, North Dakota

Alfred Skjerit
Hannaford, North Dakota

Arnt Stokka
Hannaford, North Dakota

Charles D. Smith
Astoria, South Dakota

Max Schuft & Son
Belle Fourche, South Dakota

C. O. Sherer
Cogswell, North Dakota

E. A. Stolworthy
Idaho Falls, Idaho

R. E. Strutz & Sons Company
Jamestown, North Dakota

J. F. Short, Director
State Department of Agriculture
Salem, Oregon

Sargent County Farmers Union of
North Dakota
Forman, North Dakota

Al Smith
Crawford, Nebraska

Starbuck Fur and Iron Company
Starbuck, Minnesota

L. G. Schuster
Thief River Falls, Minnesota

Gordon B. Taylor
Rexburg, Idaho

Lars Teigen
Starbuck, Minnesota

William F. Trimm
Morristown, Minnesota

Lester Todd & Sons
St. Charles, Minnesota

R. H. Tuckwiller
Lewisburg, West Virginia

U. S. National Bank
Portland, Oregon

Utah Wool Marketing Association
Salt Lake City, Utah

John H. East, President
United Wool Growers' Association
Harrisonburg, Virginia

William P. Ulrich
Audubon, Minnesota

Utah Wool Growers
Salt Lake City, Utah

H. G. Blalock, President
Virginia Farm Bureau
Richmond, Virginia

U. S. Senator
Arthur V. Watkins

Wisconsin Council of Agricultural
Cooperatives
Madison, Wisconsin

Wisconsin Cooperative Wool Growers
Association (Roy T. Richards)
Milwaukee, Wisconsin

West Virginia Wool Marketing
Association

Marion R. Wilson
Belle Fourche, South Dakota

Oren Wright & Son
Greenwood, Indiana

Washington Wool Growers
Association
Ellensburg, Washington

U. S. Senator
Milton R. Young

Earl Clarkson
Belle Fourche, South Dakota

H. Huckendorf
White, South Dakota

Warren E. Johnson
Belle Fourche, South Dakota

Ward Van Horn
Belle Fourche, South Dakota

In favor of assignments provided they are permitted in such a way that there is no competitive advantage to different methods of marketing:

Nevada Wool Growers Association
Reno, Nevada

John W. Lindsay
Grand Island, Nebraska

Everett E. Shuey, Secretary
Montana Wool Growers Association
Helena, Montana

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In favor of assignments only if limited to banks or livestock loan companies holding mortgages on the sheep:

Arthur A. Callister
Salt Lake City, Utah

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In favor of permitting assignments only if the settlement of the wool account and the settlement of the assignment account are completely segregated:

U. S. Senator
Frederick G. Payne

U. S. Senator
Styles Bridges

U. S. Senator
Leverett Saltonstall

L. S. Dinkelspiel Wool Company
Louisville, Kentucky

Boston Wool Trade Association
Boston, Mass.

Strange Bros. Hide Co.
Sioux City, Iowa

Daniel Minner
Milwaukee, Wisconsin

S. Goodman & Sons
Louisville, Kentucky

Spears-Kiser Company
Paris, Kentucky

Joe Danin Company
Saginaw, Michigan

Chicago Midwest Wool Trade

Levenstein Bros.
Shelbyville, Indiana

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In opposition to assignments

U. S. Representative
W. R. Poage

H. Brecker
Platteville, Wisconsin

Bert Lyon & Company
Kansas City, Missouri

Point Auto Wreckers
Mineral Point, Wisconsin

John B. Stressenger
Salt Lake City, Utah

T. S. Taliaferro, 3rd
Rock Springs, Wyoming

California Wool Trade Associates
H. & T. Wool Company
H. I. Haber Wool Company
Sacramento Wool Company
E. H. Tryon, Inc.
San Francisco, California

Twin Falls County Livestock
Marketing Association, Inc.
Twin Falls, Idaho

New Mexico Wool Growers, Inc.
Albuquerque, New Mexico

Robert E. Bryans
Vice President Casper National Bank
Casper, Wyoming

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Expressing opinion that prohibiting assignments would in no way restrict credit to a borrower:

First Coleman National Bank
Coleman, Texas

Del Rio National Bank
Del Rio, Texas

First National Bank
Sonora, Texas

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